in the green ---

crisis, another plan, Page 26

هكذامنالأجل

Euro steel: another

World news

### Shift to right in Finnish election

Finland shifted to the right in pariamentary elections with the conservative Kokoomus party making fresh equity capital later this year, the strongest gains. The party won nine extra seats, taking its presence covery. Page 29 in the single chamber parliament to a record 53 seats, after 90 per cent of the votes were counted. The governing Social Democrats lost one seat to 56. Kokoomus now seems certain to enter a coalition govern-ment after 22 years in opposition

#### UN chief's appeal

UN Secretary-General Javier Perez de Coellar appealed for the release of French journalist Jean-Louis Normand, whose life has been threatened by pro-iranian captors in Lebanon. A Shia Moslem leader and he hallored the man awald he said he believed the man would be spared. Page 4

#### Bomb detentions

Bressen &

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Patrice L

Signal

添か じゅつ

Police detained two men in connection with a railway bombing that killed at least 32 people as authori-ties tightened security in South India and along the country's 40,000

#### Soviet troop demand

mile mil network.

The EEC called for a total Soviet troop withdrawal from Afghanistan and repeated its support for the Pa-

#### Norway approves ban

Norway's perfiament approved an extensive trade in against South Africa but left a loophole through which oil shipments in Norwegian tankers could continue, Govern-ment officials said.

#### Howe defence plea

Sir Geoffrey Howe, the Britis Foreign Secretary, Ramched a strong plea for claser European defence co-operation, and a greater commitment to common security, without seopardising the Atlantic alliance with the US. Page 2

#### Accident kills 19

Nineteen people were killed and 22 are missing after a dam collapsed following heavy rains in Soviet Tadzhikistan, the official news agency Tass said, Page 3

#### **Ecuador protest**

Police used tearges to break up student demonstrations in Ecuador's three biggest rities. The students were protesting against ansterity measures imposed following the recent earthquake, which is thought to have caused \$1hn-worth of dam-

#### Presidential hopeful

Massachussetts governor Michael Dukakis joined Richard Gephardt, a Missouri Congressman, and Bruce Babbitt, former governor of Arizona, as prospective Democraticandidates for the US presidency.

#### Compensation claims

Zeebrugge ferry disaster in which meet in London on Friday to co-ordinate claims for compensation, a pokesman for the group said.

#### Business summary

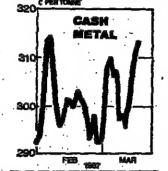
No. 30.186

### Peugeot poised to seek fresh equity

WALL STREET: The Dow Jones industrial average closed down 10.22 at 2,248.44. Page 56 LONDON: Equities turned lower ahead of the budget. The FT Ordinary index lost 7.3 to 1,576.6 and the FT-SE 100 shed 8.2 to 1,991.8.

TOKYO moved off its peak as the Nikkei market average fell 82.58 to 21,415.27, Page 50 LEAD: A seventh success fall in warehouse stocks helped push lead prices higher yesterday on the London Metal Exchange. The £4.50 rise lifted cash metal to £313.50 a tonne and took the rally from last Monday's low £16.50

tonne. Page 42. LEAD



DOLLAB closed in New York at DM 1.8335; SFr 1.535; FFr 6.105 and Y151.525. It fell is London to DM 1.6375 (DM 1.8530); to Y151.60 (Y152.60); to SFr 1.5375 (SFr 1.5535); and to FFr 6.1175 (6.1675). On Bank of England figures the dollar's exnge rate index fell from 104.1 to 193.4. Page 43

STERLING closed in New York at \$1.587.-H: rose in London to \$1.5849 (\$1.5750); but fell to DM 2.9100 (DM 2.9175); to SFr 2.4350 (SFr 2.4475); and to FFr 9.8900 (FFr 9.7150); but remained unchanged at Y240.25. On Bank of England figures the pound's exchange rate index sell to 71.4 (71.5). Page 43

GOLD rose \$1 to \$405.75 on the London bullion market. It fell in Zwich to \$405.75 (\$409.45). Page 42 SHEARSON Lehman Brothers,

New York brokerage firm, and the International Fmance Corporation, World Bank's enterprise arm, plan to raise \$250m for a new fund speclalising in Philippines investment

Page 29 MIM HOLDINGS, Australian minng and minerals concern, is to take a 30 per cent stake in Norddeutsche Affinerie, West German company

which operates Europe's largest pri mary copper smelter. Page 29 BONN Finance Minister Gerhard Stollenberg said it was possible a controversial bourse turnover tax could be removed. The tax has angered bankers who believe it dimin-ishes West Germany as an interns-

tional financial centre. BHP, Australia's biggest company is to merge Utah International. US group it took over in 1963, with its rals arm, creating - if considered alone - one of Australia's largest mining houses. Page 32

Lawyers acting for victims of the SCHLUMBERGER, US oil services group, is dropping a plan to sell an 80 per cent stake in its Fairchild iconductor subsidiary to Fujitsu of Japan because of US government opposition.

#### World indices service launched

new service starts on Page 21. Based on some 2,400 share prices, indices will be calculated daily for 23 national markets and eight regional markets, along with an over-all World Index. Calculation will begin at the close of trading in New York, and the table will be updated in later editions. In the initial

Companies ..... 29, 30

Overseas ..... 4

World Trade ..... 6

Companies ..... 35-38

The FT-Actuaries World Indices are stages, however, there may be occapublished for the first time on Page sions when this updating will not be some service starts on Page 21. on the trading day preceding the

night of publication.
The indices are jointly compiled by the Financial Times, Goldman, Sachs & Co, and Wood Mackenzie & Co Ltd, in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

FOR a city with its very own scan-dal, Washington has an awful lot of spread belief that Wall Street ex-body started ignoring rules they did time to spare for the revelations of corrupt and questionable practice

to insider trading has spread into a years. Companies are usually taken potentially devastating examina-tion of Wall Street's conduct during the recent wave of corporate takeovers, Congress has seemed some-times more interested in tighter supervision of the securities industry than of the staff of the National Security Council.

said an assistant to Mr John Dingell, a Michigan Democrat who chairs the House energy and commerce committee and is a leader of the movement to clean up Wall Street "It hasn't been so interested in Wall Street since 1929."

ploited its privileged position to profit from the wave of takeovers in New York. that has cost thousands of Ameri-While the public investigation inthat has cost thousands of Ameriover at a premium to their market mation of the planned takeover, such as the bidding company's investment banker, can profit by buy-

ing stock in the target company.

The wide-ranging investigation has also given Congress a stick with which to beat the Reagan Administration for its laisser-faire attitude to the restructuring of corporate

in Washington in 1981 talking about er trading than on November 14.

"But it's not confined to the Democrat side," says Mr John Stoppelman, a lawyer specialising in the securities industry. Even Administration officials are anxious at the threat to public confidence in the

US capital markets
Mr John Sture, a senior official in
the enforcement division of the Securities and Exchange Commis said: People will think that the market is rigged and they'll just get hosed by the big guys." But while the Supreme Court de-

liberates on cases which will help define insider trading, and bill after As Mr Dingell said in a trenchant bill drops into the congressional newspaper article earlier this hopper, Washington is actually no month, the Administration "arrived nearer new legislation to curb insid-

celebrated speculator in takeover stocks, shattered Wall Street's comosure with an admission that he bribed investment bankers to provide information. In fact, the issue of insider trad-

ing has become hopelessly inter-twined with a much broader and longer-running campaign to curb the excesses of the takeover era. The pressure for reform is particularly strong in constituencies in the old industrial north, which corpo-rate raiders and takeover specialists have scoured for cheap assets to buy or to liquidate.

A recent hearing by the Senate banking committee, chaired by Mr William Proxmire, a Democrat of Wisconsin, featured a parade of chief executives deploring take-overs and urging federal restraints. Among the wider proposals being



limits on takeover financing by "junk bonds," which are high-yield ing securities often secured on the

### Key Irangate witness likely to be granted congressional immunity

BY LIONEL BARBER IN WASHINGTON

President Ronald Beagan's former National Security Adviser and a star witness in the Iran arms scandal, is likely to be offered limited immunity this week under a tentative agreement between the two congressional select committees inrestigating the affair.

Mr Pointexter would be the high-est ranking official to be granted immunity in the congressional investigation. His testimony could ersion of profits from secret US erms sales to Iran to the Nicara-

to vote on whether to offer immunioutline agreement between their re-personal test for the 76-year-old spective chief lawyers. The accord appointed Special Prosecutor, Mr faced detailed questions by repor-Lawrence Welsh, who has been ters on the Iran affair. Mr Reagan fore immunity is granted.

trated by the lack of progress in ment and policy of selling arms to lionaire.

Iran in return for US hostages held Mr. 1

North, and would delay summoning order to justify their existence.

Mr Poindexter for 60 days. Since Mr Walsh has the power to apply to ourt for a further 30-day delay, he would in effect be given the 90-day the Tower Commission, they have extension he has requested.

Both Mr Poindexter and Lt Col Congress, citing their Fifth Amendment rights against self-incrimina-tion, Mr Poindexter's testimony is awaited with trepidation by the White House, eager to convey the image of a reinvigorated President shed light on whether President Reagan following the appointment Reagan knew or authorised the div- of Mr Howard Baker as the new Chief of Staff. White House advisers were yes-

guan Contra rebels.

The Senste and House select rage President Reagan to give a live committees are to meet tomocrow news conference on Thursday, which would be his first for four ty to Mr Poindexter following an months. The conference would be a must also be cleared with the court-formance last November when he pressing for a delay of 90 days be- could be expected to be peopered by The accord appears to satisfy the Pointexter is granted immunity.

Smands of Mr Welsh, who is any.

White House stratery has been

Congress would hold off granting in Lebanon, but both the House and House spokesman, said that docuimmunity to the other key witness. Senate select committees are under ments had been received which fitin the scandal, Marine Lt Col Oliver pressure to uncover more details in

Members of the Senate comm not received a windfall of informa tion like the hundreds of pages of computer system which Lt Col North failed to erase before he was

dismissed last November. One congressional aide said yes-terday: "Poindexter will be a credi-

Under the accord reached be tween the staff of the two com tees, Mr Poindexter could begin giv-ing public testimony around mid-June. It is unclear when Lt Col North would be summoned. So far. immunity has been granted to five

 The irangate scandal took on yet another hizarre twist yesterday, when the Wall Street Journal revealed that Ms Barbara Walters, the well known television interviewer, acted as a messenger be tween Mr Manuchir Ghorbanifar, questions on the Iran affair if Mr the Iranian arms dealer, and the White House. Ms Walters conveyed ious not to prejudice the possibility deflect attention from the Tower arms sales to Iran soon after interviewing another figure in the affair, of criminal charges, and the two Commission report which sharply viewing another figure in the affair, committees which have been frue criticised the President's manage. Mr Adnan Khashoggi, the Saudi bil-

> Mr Marlin Fitzwater, White ted descriptions of notes made by

### Lufthansa faces **Cartel Office** probe on fares

WEST GERMANY'S federal Cartel Office has started investigating pos-sible fare price-fixing by Deutsche Lufthansa, the country's national

parately from long-running efforts by the European Commission to try to bring more competition into the EEC's airline industry. The Commission will consider the

controversial move of taking legal action against Lufthansa and at least two other European sirlines, at a meeting tomorrow in Brussels. In West Berlin the Cartel Office

said yesterday that the office, which comes under the jurisdiction of the free market-oriented Eco-nomics Ministry in Bonn, had written to the EEC Commission suggesting talks to try to co-ordinate the two bodies approaches over Luithansa. A meeting was likely to take place in the next few weeks, but no date had been set.

The Cartel Office has started looking into the arrangements under which Lufthansa sets its European air fares as a result of a new European legal ruling.

This makes not only the Bonn policing Luithansa's tariff struc- cial practices.

The office said the investigation into Lufthansa, concentrating on its newly announced summer season fares, was likely to take some time because the office was venturing

"At the end of this investigation there should be more competition in the European air traffic indus-Lufthansa, like other European

sirlines, is known to discuss fare, route and capacity arrangement covering the European market with The Cartel Office is now trying to investigate to what extent this col-laboration - which has always been

accepted as legal - infringes ERC competition rules. The initial part of the Cartel Office's investigation will centre on an examination of Lufthansa files and documents to determine how it set

The Cartel Office said yesterday that it did not foresee any difficulty in gaining access to the necessary

the fare structure for the summer

EEC diplomats indicated at the weekend that the European Com-mission was considering acting against Lufthansa and the national carriers of Denmark and Greece Scandinavian Air Systems (SAS) and Olympic Airways.

In letters sent to 10 national air Transport Ministry - which has lines last year the Commission previously had sole jurisdiction drew attention to alleged infring-over Lufthansa - but also the Eco-ments of EEC competition rules and nomics Ministry responsible for called for changes in their commer-The outcome of Wednesday's

meeting of the Commission is linked to next week's REC transport ministers meeting in Brussels ce plans hypersonic airliner,

#### Washington turns its gaze to Wall Street's dirty deals Computer fraud may cost US up to \$5bn By Alan Cane in London

LOSSES from computer fraud in the US are now conservatively estimated at between \$3bn and \$5bn and the spread of modern comput-ing techniques makes it likely that such frands will in future increase in frequency and sophistication.

A report from the US-based ac-counting firm Ernst & Whinney says that most computer frauds are perpetrated by insiders, often with a trusted and responsible post within the organisation.

It warns: "When a chief executive officer, chief financial officer or corporate controller can download data from the company's mainframe computer to a microcomputer in his or her office, manipulate that data to make the company look more profitable and send the new data back to the mainframe without an audit trail; or when management can manipulate financial information through on-line terminals to cover up the theft of corporate as-sets, we all have a problem."

The report, submitted to the US National Commission on Fraudulent Financial Reporting, is the latest in a series of studies drawing attention to the growing frequency and seriousness of computer fraud and the difficulty of controlling or More than 80 per cent of a sample

of US companies surveyed by Ernst & Whinney in 1965 reported financial losses through computer security problems in the previous two

Ernst & Whinney say that computer fraud is becoming significant because widespread computerisation increases the opportunities for wrongdoing, makes it difficult to detect that a crime has taken place and leads to lucrative payoffs.

It quotes figures from the Federal Bureau of Investigation suggesting that the sverage amount involved in reported computer frauds is now \$800 000 compared with \$23,000 for frauds carried out manually.

The Ernst & Whinney report is notable for its emphasis on the new possibilities for fraudulent manipu lation of a company's books by senior executives that computerisa-tion makes possible. But it warns that the spread of data processing of management to participate in fraudulent financial reporting.

It has no magic answers to the problem, in common with most of the other surveys and studies, but it sets out a system of internal man-agement controls to help prevent, detect and limit computer fraud. "Implementation of these recom-

mendations may require a continuous effort over an extended period

### Weinberger told F-16 fighters must be withdrawn from Spain

Mr Weinberger arrived in Madrid Turkey and a stopover, on the way back to Washington, at the US air base on Portugal's Azores Islands.

Both Turkey and Portugal have been suggested as possible alternative sites for the 79 F-16 intercepations of the US 401st tactical air wing rejon, and it maintains a naval dewhich are currently stationed at Torrejon base, eight miles north

east of Madrid. Mr Perle told Spanish journalist at the Pentagon last week that the Torrejon fighters were "irreplacible and vital" to Nato, and that their remove the 401st tactical air wing withdrawal from Spain would from the Madrid area to a base at

and vital" to Nato, and that their

MR CASPAR Weinberger, the US
Defence Secretary, was told in Madrid yesterday that the Socialist

In talks yesterday with Mr Gonagreement.

The US Ambassador to Madrid

or yesternay that the Socialist ages and Mr Narcis Serra, the Spanish Defence Minister, Mr Spanish that the uffer representation for the renewal of the US Spanish defence pact which expires in US personnel and installations in Spanish defence pact which expires in US personnel and installations in Spanish defence pact which expires stallations in Spanish under the terms at late time that the offer representation of the US Spanish defence pact which expires stallations in Spanish defence pact which expires the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish Defence Minister, Mr Spanish at the time that the offer representation of the US Spanish at the time that the offer representation of the US Spanish at the time that the offer representation of the US Spanish at the US Span of a referendum a year ago in

first leg of a tour of Nato's southern rowed down to a specific demand craft touched down just hours after flank, which also includes a visit to for the withdrawal of the Tourejon violence erupted at the end of the fighters. Failure to agree on this would jeopardise the renewal of the the Torrejon airbase which draws bilateral agreement and could force a total US withdrawal from Spain. At present, the US has facilities

pot at Rota, near Cadiz. The bilateral agreement, which dates from Ankara. 1953 and is renewed every five years, allows for a maximum 12,500 US servicemen in Spain.
An offer by the US last month to

on Sunday night with Assistant which Spaniards voted to remain in Madrid that he hoped to depart which Spaniards voted to remain in Madrid that he hoped to depart with better terms for the hilateral signed his post last week. It is the first leg of a tour of Nato's southern rowed down to a specific demand craft touched down just hours after-

tens of thousands every year. The Turkish Government last night released details of the defence and economic agreements signed yesterday with the US, on the eve of Mr Weinberger's visit to

The signing of the agreements comes just under 15 mouths after the previous US-Turkish defence agreement expired.

suggest that the US has made any major concessions, even though Continued on Page 28



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Companies ..... 29, 30 Eurobonds ...... 34 nt...... 18 Men and Matters .......... 26 Money Markets ......43 Money markets 42
Raw Materials 42
Stock markets - Bourses 47, 58
- Wall Street 47-50
- London 44-48, 50

**FOREIGN** INVESTORS TEST THE PHILIPPINE

climate for potential venture capitalists, Page 6

"weaken security in the entire med-Moron, near Seville, was rejected iterranean." The F-16'S operational outright by the Spanish team nego-

WATERS

funding gap ...... 18 Corazon Aquino is creating a calmer

Editorial comment: demography and US 

Booming Britain: no time yet to rejoice. 27 Lex: BSR: UK budget; IC Gas; Dixons 28

Greek economy: rough ride for the

stabilisation programme ...... 2

South Korea: feeling the strains of

success ..... 4

Rolls-Royce: gearing up for a compe-

titive future ..... 9

Technology: loneliness of the long-

distance oil well .................. 16

Management: small business equity

#### French inflation eases in **February**

By David Housego

FRANCE yesterday reported improved price and external trade figures for February. The consumer price index rose by 0.1-0.2 per cent on provisional figures, compared with a 0.9 per cent increase in January. But the underlying inflation rate, as reflected in the year-on-year rate, worsened to 3.4 per cent as against 2.1 per cent at

At the same time the trade deficit for February on a seasonally adjusted basis shrank seasonany adjusted data seasonany to FFr 400m (£41m) compared with FFr 2.5bn in January. France ended 1986 with the trade account marginally in balance.

The improvement in the February price figures reflects the disappearance of some of the exceptional factors the exceptional factors-including a sharp rise in petrol prices, the cold weather and public sector strikes which weighed heavily on the index

EEC economy 'shaky' The EEC's leading economic

The EEC's leading economic indicator showed a small improvement in January compared with the previous month but the community's economy is still cyclically unstable, according to a European Commission survey, AP-DJ reports from Brussels.

The commission's economic sentiment indicator, which has a base year of 1980=100, was at 102.7 in January, up from 102.5 in December. The rise halted a four-month decline but

halted a four-month decline the indicator was still at a low level, the commission said.

W German exports hit West German exports to the West German exports to US fell below DM 4bn (£1.87bn) in January for the first time since mid-1984, pro-

shows, Reuter reports from Frankfurt. The figures show exports were DM 3.85bn in January, down sharply from December's DM 44hn and the lowest since the DM 3.56hn in July 1984. This compared with DM 4.86bn

to Western industrialised coun-tries also fell in January to DM 34.765m from Dm 36.455m future banks must maintain a wards lower interest rates has in December, the lowest reserve requirement in lira been one reason for the lira's monthly total since July 1984. equivalent to 25 per cent of strength.

### Howe in plea for closer European defence links

terday launched a strong plea without jeopardising the Atlantic alliance with the US.

chev, and the prospects of an agreement in Geneva on reducsiles, made closer European consultation necessary, he said. In particular, he stressed the key role the Western European Union should play, and pro-posed the strengthening of the seven-nation defence grouping by hoving its headquarters to

quarters. to stress the paramount importance of the US commitment to

the defence of Europe.
Sir Geoffrey was delivering what was billed as a definitive assessment of British views on European security to the Royal Institute for International Relations in Brassels. He gave an upbeat a

of the state of negotiations in Geneva, and welcomed Mr Gorbachev's response to the original Nato proposals for eliminating

SIR GEOFFREY HOWE, the intermediate nuclear forces British Foreign Secretary, yes- (INF) from Europe. for closer European defence co-operation, an da greater com-ment which would result in sizemitment to common security, able reductions in nuclear wea-

He held out the prospect of -Both the events at the Reyk- and the need to prepare for — a javik summit between President "less nuclear" world, while intrade atmosphere. sisting that Europe's security would depend for the foresea-able future on nuclear

> for "increasing partnership" between Britain and France, as the two nuclear powers in Europe, and welcomed the change in French thinking away from the concept of "national sancturies."

However, he warned of the changing attitudes and perceptions on both sides of the Atlantic, "In the US, Europe no longer dominates military think-

longer dominates military thinking." he said.

The sizable European defence effort was often "not fully appreciated" in the US, he said, spelling out the extent to which Europe provides for its own security: with 90 per cent of the manpower, 95 per cent of the tanks, 95 per cent of the artillery and 80 per cent of the combat aircraft on the ground in Western Europe.

. He warned that "burdensharing pressures" from the US
—calling on the Europeans to make a greater defence effort-would continue, "not least because they are exacerbated by the US (trade) deficit, and

"We need to be alert to trends in American thinking which might diminish our security—perhaps not today or tomorrow, but in the longer term," he said.

He spelt out a range of Economic management and
defence programment. Military research.

Common programmes on the Nato/Airborne Warning and Control System (Awaes) model

· Developing further the Inda-He warned against a failure to maintain adequate con-

to maintain anequate con-ventional defence spending— singling out "the steady erosion in Belgian capabilities as a result of the long decline in your country's defence spending."

#### Sweden's trade balance rises by SKr 100m

SWEDEN'S trade balance showed a surplus of SKr 2.6bm 2352m) in February, an in-crease of SKr 160m on the previous February, according to the Central Statistical

The value of exports in-creased by 11 per cent to SEr 23.7hs, while the value of imports rose by 12 per cent to SKr 20,1hn, Excluding all and ships, the value of experts only rose by 6 per cent, while the value of im-ports increased by 13 per

In the first two months of this year the trade balance showed a surplus of SKr 5.1hm, compared with SKr 4.9km in the same period last year. The trade balance for all increased by SKr 2km

#### **Industry** in call for end to Yugoslav pay freeze

By Aleksandar Lebi in Belgrade

YUGOSLAVIA'S factory man gers have lent their voice to mounting public pressure on the Government of Mr Branko Mikulie to back down on a wages freeze policy.

Last month's decision to limit Last month's decision to innut wage increases for industrial workers to gains in productivity and freeze all other wages until June has caused widespread worker unrest, especially in Croatia. Reports suggest that it has also spread to Bosnia, Mr Mikulic's own region.

If the Government yields to pressure it will endanger its attempts at reform and stabilisation, but if it does not it may face an even larger wave of strikes with untold political and social con-

Branko Tanackovic Mr Branko Tanackovic, deputy director of BEKO, the Yugoslav confectionery manufacturer, told Tanjug, the state news agency: "This law is unsceptable, above all because productivity as an economic category has still not been

We do not know how to calculate it and we are not sure what elements influence changes.

It is illogical that we should

limit personal incomes even though we do not have a precise definition of produc-tivity," he said.

Nationwide, the number of strikes and of workers involved is not known, but reports suggest this is the most intense industrial dispute since the Second World War. Second World War.
In Croatia, the republic most affected, stoppages have occurred in some of the biggest collectives, such as Rade Koncar

The Croatian trade union rganisation has asked that the Government's legislation on wage control be changed and

made more selective Inflation in Yugoslavia has risen at an annual rate of almost 100 per cent and the freeze on wages is central to the Governnent's attempts to regain con-

trol price levels.

But the industrial unrest is partly the Government's own making. Last December it

### Takeover creates French business press empire

the shares in Groupe Expansion, reducing the holding of the Servan-Schreiber interests to

Among the few financial details that the privately owned group disclosed yesterday was that it achieved a cash flow in

Since then Mr Bertez has been involved in disputes with the print unions, and seemed to have set himself the goal of

Mr Servan-Schreiber said yes-

terday that L'Expansion's priority would be to cut losses

at La Tribune. He did not, how-ever, reveal details of the group's plans for the titles

L'Expansion, which this year celebrates its 20th anniversary, is France's most successful busi-ness publishing house.

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BY DAVID HOUSEGO IN PARIS

A NEW business press empire was created in France yester-day with the takeover by the Groupe Expansion, aiready one of the country's main business publishers, of the financial and economic dailies belonging to Mr Bruno Bertez.

The move comes at a time when there has been a substan-tial expansion in business readership in the country because of wider interest in economic affairs and in the stock exchange, and when all the major dailies and weekly magazines have been expanding

their economic coverage.
Groupe Expansion, which is run by Mr Jean-Louis Servan-Schreiber and whose flagship is the twice-monthly business magazine L'Expansion, now controls more than a third of the business readership in France.
Purchased from Mr Beries,
who is abandoning his press
activities, are La Vie Francaise. a weekly personal investment magazine, Agefi and La Tribune, both financial dailies.

Groupe Expansion also an-nounced that it has purchased nounced that it has purchased a 45 per cent stake in the Journal des Finances, another investment weekly, and the business publishing house Interestitions. On the basis of figures issued yesterday by L'Expansion, the group now has control of 63 per cent of financial advertising in the business press and 43 per cent of display advertising.

vertising.
Though the Expansion group has been planning external acquisitions for some time, Mr Servan-Schreiber made clear yesterday that the takeover had also been prompted by fears that the Bertez group could have been taken over by com-petitors—"which would have left us marginalised."

left us marginalised."

Among other groups interested in the purchase were the Hersant Press, which owns the daily Le Figure, and the Hachette group.

L'Expansion declined to say much it was paying for the acquisition but said that it would be financing it through a capital increase to which the main subscribers will be in

main subscribers will be la Compagnie Financiere of Mr announced a plan not to let
wages and salaries in the first
quarter of this year exceed the
average for the last quarter of
1986.

Compagnis Financiere has since
November held 19 per cent of

#### Thatcher to visit Georgia in Soviet trip

By Patrick Cockburn and David Buchan

BRITAIN'S Prime Minister, Mrs Margaret Thatcher, is to follow the steps of her deputy premier, Lord Whitelaw, in making a formy to Soviet Georgia during her planned visit to the Soviet Union between March 28 and April L.

that it achieved a cash how in 1986 of FFr 17m (fl.74m) and now looks for a cash flow of FFr 50m. The new group comprises 10 publications with a turnover of FFr 700m. It is likely the may break new diplomatic ground by meet-ing non-official Soviet citizens in Moscow, possibly Dr. Andrei Sakharov, the non-conformist academician recently released from internal exile in Gorki. Mr Bertar decided to sell after failing in his own attempts to expand his financial publishing business. Two years ago he set up Is Tribune as an international financial daily.

Sir Geoffrey Howe, the British Foreign Secretary, has set a precedent for this in some of his trips to Eastern Europe by meeting or having his officials meet, opposition and church figures in Poland and Czecho-slovakia,

after disputes with the editorial staff and flagging sales. The losses drained off much of the profit from IA Vie Francaise and Agefi. British ministers have argued that they want to meet repre-sentatives of all of the people of foreign countries, not the government in power, although this has irritated East Euro-

feet prior to selling it.

same formula in Moscow. It would be the first time a Weswould be the time time to the tern leader or minister has met any Soviet citizen who could be characterised as a dissident. It is not clear how the Soviet authorities will react.

Suggested contacts between the British Premier and a forthright dissident like Dr Anatoly Koryagin, until recently jailed for his expose of Soviet misuse of psychiatry, seem unlikely.

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THE WORLD VALUE

#### Bank of Italy hopes for slowdown in lending

BY JOHN WYLES IN ROME

of a reserve requirement intro-

at the weekend. The bank's domestic credit The bank's domestic credit expansion targets of 7-9 per cent have been jeopardised by a year on year growth in banks' loans of 9-13 per cent since last October. The evidence suggests that banks have been exploiting the expensioning of the livr's real effective exchange rate. Between September and January to finance credit expansion through overseas borrowings.

In tandem with a † percentage point cut in the discount rate to 11.5 per cent, the bank announced last Friday that in future banks must maintain a percentage point cut in future banks must maintain a percentage per percentage of the p

THE Bank of Italy will be their net foreign indebtedness. looking for signs of a slowdown According to unofficial estimate bounding bank lending to mates, this could add 1 percentage private sector as a result age point to foreign borrowing

A bank spokesman stresse yesterday that the new measure represented a break with the exchange control imposing a firm celling on banks foreign indebtedness. This follows the path towards a more market-oriented regulation of the kind used in other countries such as West Germany, The reserve requirement could be adjusted within the 25 per cent maximum Italy's previous reluctance for

in the international move to-wards lower interest rates has

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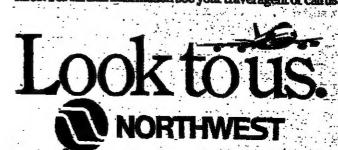
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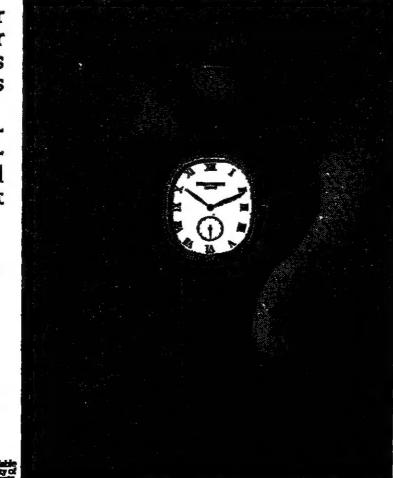
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### Kokoomus party gains as Finns shift to right

BY OLLI VIRTANEN IN HELSINKI

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Sigi

FINLAND shifted to the right in parliamentary elections which closed last night, with the Kokoo mus conservative party making the

The conservatives won nine extra seats, taking its presence in the 200-strong single-chamber parliament to 53, only three seats short of the Social Democrats, who lost one seat

The Centre Party, and the three smaller parties in the same group-ing - the liberals, the christian league, and the Swedish People's Party – gained up to eight seats, bringing their collective total to 58, after 90 per cent of the votes were counted. Kokoomus is now almost certain to get into a coalition government after 22 years in opposition. It aims to bring about a firee-party coalition, with the Centre Party and the Social Democrats.

The Contro Party Payoured this price ing now formed the biggest grouping and was in a key position to help form a government.

In the form a government.

The turnout of voters dropped option last night but Mr Kalevei Sorsa, the Social Democratic leader, left his options opon.

pected. The more pragmatic majority appear to have held on to their 17 seats, while the pro-Moscow minority lost 6 seats, dropping to only four. This is undoubtedly a blow to Moscow, which has aponsored the small faction, but it is unlikely to ing their total to four overall. The socialist parties lost 7 seats and came down to 77, while non-social-

ists now have 123 seats. Mr Sorsa was ready to concede defeat last night and blamed it on "fatigue" of the governing party. The same happened to the Social Democrats in 1975 after a long stint in government, he said. Mr Ilkka Suominen, leader of Ko-

koomus, claiming a clear victory, demanded high ranking portfolios in a future coalition. Mr Pasvo Väyrynen, chairman of the Contre Party, said the parties of his group-

Finland's communists, who split from 81 per cent in 1983 to 74 per into two separate parties last year, cent, largely because of a lack of suffered no sovero setbacks as ex-

#### At least 19 killed in Soviet dam disaster

BY PATRICK COCKBURN IN MOSCOW

people and another 29 are missing according to the Soviet news agen-

The disaster occurred when an avalanche of mud started by torrential rain destroyed a dam at the Sar-agazan reservoir. Water poured through a hamlet of 53 houses below the reservoir and also destroyed bridges and a section of railway.

In keeping with the new Soviet policy of reporting disasters, Tass immediately gave details of the dis-aster. It said six badly injured peo-ple were brought to hospital and helicopters are searching for the

THE COLLAPSE of a dam in the Soviet central Asian republic of Tajilkistan yesterday following very heavy rain has led to the death of 19 avalanche of mud destroyed the dam of a reservoir, sending "a wa-ter mass" creshing down upon the village of Saragazan, AP reports

> Fifty-three houses, a livestockbreeding farm and a poultry farm were swept away," Tass said. "Bridges and a railroad section were destroyed, communication was disrupted, part of the crops were washed away."

Tents, food and medicine were being rushed to the disaster scene, and senior officials of the republic had arrived to survey rescue and re-lief efforts.

#### **Portuguese** church in attack on child labour By Diana Smith in Lisbon

PORTUGAL'S Roman Catholic church and trade unions have begun a concerted campaign against the use of child labour in the north and northeast, where large families, unemployment and under-employment are endemic.

employment are endemic.
Grave concern has been expressed by the church, whose social as well as spiritual role is strong in the north, and by union officials. They reckon that thousands of children under or barely over school-leaving age of 14 work full-time for a monthly wage of about Es 5,500 (£25)—less than a quarter of the wage of about to a continuous industrial wage-in conditions that often resemble old-style sweatshops. Church authorities in the

diocese of Braza, where tiny enterprises abound, report that girls are often kept stitching clothing or shoes six or seven days a week until midnight. Boys do heavy labour on construction sites or in mechanical workshops.

or in mechanical workshops.

The common factor seems to be that the enterprises are part of the underground economy, often working from garages or sheds where the entire set-up can be dismantied in minutes if a labour inspector approaches.

The authorities are short of means to handle the problem. The nature of child-exploiting enterprises—unregistered, counting on parents to encourage schoolage children to shirk their education and do more than a full day's job, and employers loath to pay the modest ioath to pay the modest rational minimum wage—makes it hard to pin down illegal child labour.

Moreover, fines are a risible few thousand escudos

when inspectors catch up with offenders.
Nevertheless demands for action are growing. There are fears that the problem is

on the increase as statutory wages rise and employers' social security requirements grow.

But in an area where adult illiteracy is deep-rooted and generations have scraped by, passively accepting bleak hossing and menial tobs became they saw no

Athens steers steady course after storms This year got off to a turbu-economy then followed. Mr lent start for the Greek Innaviotis Roumeliotis, the new economy. January and Februs Minister of Commerce, tabled economy. January and February brought the worst wave of strikes in the Socialist Governbankers and economists headed by Mr Theodore Karatzas, secretary general of the Economy Ministery, unveiled its ment's five and a half year career as left and right wing unions joined forces in protest against a second year of wage austerity.

The Government imposed a virtual freeze on wages at the

Economy Ministery, unveiled its own proposals to gradually lift the complex web of regulated interest rates and credit rules straitjacketing the state-dominated banking system.

But the market had hardly had time to become completent when it was thoroughly unsettled by the Government's surprise announcement that it surprise announcement that it planned to secure a controlling interest in Greece's largest foreign investment—NAPC, the international consortium led by Denison Mines in Toronto, developing offshore oil deposits in the North Appendicate.

in the North Aegean Sea.

The move was justified by
the argument that oil exploration in the sensitive Aegean region, where Greece is locked into a continental shelf dispute with Turkey, must be subject to Greek state control for reasons of security. Many government officials admit privately, however, that the NAPC decision was both ill-presented and ill-timed soming as it did and ill-timed, coming as it did on the heels of an open invitation to foreign investors by Mr Papandreou himself at an international economic forum in Davos, Switzerland.

prefer to dwell on the prospects for deregulating the market, as well as the results so far of

1985 stabilisation measures

GREECE %cf GDP

Andriana Ierodiaconou reports on the success of the economic stabilisation programme

down to \$1.756bn, 4.6 per cent of gross domestic product, from a record \$3.275bn, 10 per

cent of GDP, in 1985. Although critics argue that the improvement was due to external factors such as the fall in oil prices, which saved Greece over \$1bn, government economists say that about half the reduction in the deficit as a percentage of GDP can be traced to the stabilisation programme. which boosted exports and sup-pressed imports through a 15 per cent devaluation of the drachma followed by a policy of Understandably. Economy drachma followed by a policy of Ministry officials—who are reportedly not informed in advance of the NAPC move—port deposit scheme. port deposit scheme.

The authorities say they are

fairly confident of achieving the 1987 current account deficit target of \$1.25bn.

administration was now set on and the goals for 1987.

a course of liberalising Greece's They point to a halving of the traditionally nighly regulated current account deficit in 1986, secure extra foreign borrowing

beyond an estimated gross perhaps the biggest question borrowing need of \$1.6bn in order to meet in advance amortisation payments due in the next three years. Without the end of this year, when the estimated property is the policy to be followed after the end of this year, when the estimated property is the end of this year, when the estimated gross perhaps the biggest question mark hanging over the economy. next three years. Without refinancing, according to Bank of Greece figures, Greece faces foreign debt amortisation payments of \$1.5bn this year, which will peak sharply to \$2bn in 1988 and remain at a high \$1.8bn and \$1.85bn in 1989 and \$1.90 respectively.

will peak sharply to \$20n in 1988 and remain at a high \$1.85n and \$1.85n in 1989 and 1990 respectively.

They are more anxious over a goal to trim the net public sector borrowing requirement (PSBR) on a cash basis by four percentage points relative to GDP, to 10 per cent of GDP, to 10 per cent of GDP. In 198 i the net PSBR on a cash basis 1 as reduced to about 14 per cent of GDP from 18 per cent of GDP the previous year, although excess spending by public sector corporations led an overshoot of the credit expansion target of 17 per cent for the public sector, to 20.5 per cent for the year.

The hardest target for 1987 in the authorities' view is that of reducing inflation to 10 per cent from 18 per cent in 1986.

of reducing inflation to 10 per cent from 16.9 per cent in 1986. The target figure is described by government economists as "a cross between what is realistically feasible, and aspirations."

Although the 10 per cent figure allows for a 2 per cent increase in the price index due Vat, officials say the new creates "enormous untax creates "enormous un-certainty both with regard to prices and consumer be-haviour," Inflationary speculation at the end of last year in anticipation of Vat introduction obliged the Government to

domestic political situation has become volatile, with early general elections, possibly next year, no longer to be ruled out, since municipal elections last October in which the Socialists October in which the Socialists suffered significant losses. The fear is, therefore, that from the end of this year economic policy will become a hostage to political developments, to its detriment. "If you look at public sector spending figures you will see that these skyrocket every general election year in Greece. This Government knows as well as any other that yours are not impose a three month wage any other that voters are not freeze in November to avoid to be wooed with wage exceeding the 16 per cent inflareeze in November to avoid to be woord with wage exceeding the 16 per cent inflation target for 1986 too greatly.

### Call for more reform in Poland

where the socialist system guaran-tees every worker a job, is as high in real terms as in the West and costs the economy billions of dollars a year, according to a senior ic economist, Reuter reports

an economic stabilisation pro-gramme designed to reduce double digit inflation which was many times the European Com-munity average, and to trim high current account and public

sector deficits.

Pay protests were compounded by reaction from Greece's small and medium-

Greece's small and menum-sized business enterprises, the backbone of the economy, against value added tax (Vat), introduced in Greece on January 1 after two exten-sions of the EEC deadline.

sions of the EEC deadline.

The Government succeeded in emerging from the turmoil with its stabilisation programme unscathed but for an adjustment of wages at the lower end of the salary scale, expected to add about To The

expected to add about Dr 3bn

to the 1987 state budget.

To emphasise the fact that
the Government was prepared

to make no further concessions, Mr Andreas Papandreou, the

Prime Minister, then carried out one of the most drastic

cabinet reshuffles since the Socialists came to power in 1981. Critics of the susterity policy were removed from the cabinet and transferred to the

Socialist Party hierarchy.

A number of signals that the administration was now set on a course of liberalising Greece's

Professor Jozef Kaleta of Wroclaw University said in a student magazine interview quoted by the ing bleak housing and mental jobs because they saw no alternative, or imigrating if they had more drive, acceptance of a child's right to education and leisure does not come quickly. official PAP news agency yesterday that economic reforms should give priority to a return to market, me-

Gorbachev and seek Western in- US. vestment, he added.

Prof Kaleta, who has frequently been an outspoken commentator on the economy, said: "Even though we formally have full employment, we do in fact have unemployment but in a hidden form. I believe that it is not smaller than in leading capitalist countries."

that economic reforms should give Foland and other Soviet-bloc rivi Kaleta sain that at least nam of stood to have proposed the keen to see the Cyprus problem the foliant the sain that at least nam of stood to have proposed the keen to see the Cyprus problem the sain that at least nam of stood to have proposed the keen to see the Cyprus problem the sain that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the keen to see the Cyprus problem that at least nam of stood to have proposed the stood to have proposed the stood to have proposed that the s

UNEMPLOYMENT in Poland, ample of Soviet leader Mikhail work in Western Europe and the

Prof Kaleta said hidden unemployment manifested itself "in the high rate of absence from work, very poor labour efficiency, or the hiring of a vast army of staff for useless administrative jobs."

Although there was no precise estimate of the cost to the economy, Prof Kaleta said that at least half of

### **Kyprianou** in Athens for Cyprus peace plan talks

THE PRESIDENT of Cyprus, talks with the Greek-Cypriot and Turkish-Cypriot sides, in an in Athens yesterday for talks effort to draft a mutually with the Greek Government on acceptable settlement plan.

The PRESIDENT of Cyprus, talks with the Greek-Cypriot and Turkish-Cypriot sides, in an effort to draft a mutually with the Greek-Cypriot and Turkish-Cypriot sides, in an acceptable settlement plan.

Mr Javier Perez de Cuellar, the UN secretary general, peace initiative content and the cypriot sides, in an acceptable settlement plan. eastern Mediterranean island. for Cyprus three years ago
UN officials who visited with the blessing of WashingNicosia last month are underton and London, which are stood to have proposed the keen to see the Cyprus problem

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#### Fate of Beirut hostage in balance

hostage threatened with death by an underground pro-franian group hung in the balance last night as a top Shia Moslem eleric indicated that his life should be spared. that his life should be spared.

In an unprecedented call, Sheikh Mohammed Hussein Fadlallah, the supreme spiritual guide of Lebanon's Shia militants said that the execution of Mr Jean-Louis Normandin, a television technicism peanle of Santa estate estate can be supply to the santa estate can be supply the santa estate est nician would not "serve our

As the second deadline set for his execution approached last night Sheikh Fadlallah said: "If he is innocent, en what bases are we threaten-ing to execute him and if he isn't innocent, then why wasn't he tried from the start?"

start?"
Referring to the demand of the abductors, the Revolutionary Justice Organization, that Mr Jacques Chirac, the French Prime Minister, should disown remarks recently made by President Francois Mitterrand on the hostages and the Iran-Iraq war, Sheith Fadisilah said: "Van caunat confront the "You caused readrant the policy of a president by encuring a kidnap victim."

The Revolutionary Justice Organisation is reckoned to be related to Islamic Jihad. in reining to issume Jinat. In whose name most kidnappings in Lebason have been under-taken. Both operate under the umbrells of Hubolish or Party of God, the Iranian-backed extremist Shia move-ment ruided by Sheikh

Another prominent cleric of the sect, Shelkh Moham-med Mehdi Shamseddin who is vice-president of the Higher Shia Islamic Council, expressed optimism that the life of Mr Normandin would be spared saying that he had made "tiving and sensitive efforts to secure his safety."

#### Aquino bans vigilante groups

PHILIPPINE President Corasen Aquino yesterday ordered the immediate dishanding of several powerful armed civi-lian vigilante groups in a move political analysis said risked offending the country's

risked offending the country's restive military. Reuter reports from Manila.
Detence officials said Mrs Aquino had signed an order acrapping existing groups. A second order provided for the formation of a single national relies form.

The bauning order includes the semi-official Civilian Home Defence Force, which has more than 70,000 members and was established under the regime of former

#### China blast kills 54

A lunge explosion in a flax factory in the north east China city of Harbin killed 45 workers and injured 185, the official China Legal News reported yesterday, Reuter reports from Peking. The newspaper said the explosion in the early hours of yesterday destroyed four buildings
at the plant. More than 476
workers were in the factory
at the time of the explosion.

Interest server exports and European Community, Sapain
imports; and the perceptions at nor even China are growing
home and abroad of South fast enough to take up the slack.

The South Korean domestic
market will provide substantial
Korea's exports to the US, potential growth, he believes,



# Israel assures US Jews over spy

BY OUR JERUSALEM CORRESPONDENT

ISRAEL SOUGHT to reassure Major American Jewish Organiment this month for passing worried American Jews yester-sations met Foreign Minister hundreds of top secret US day that it had taken to heart Shimon Peres yesterday to documents on Soviet and Arab worried American Jews yester-day that it had taken to heart the lessons of the Jonathan Pollard espionage affair and was acting to restore its stand-ing in the US.

Mr John Marsh, US Secretary of the Army, arrived for a long-scheduled visit to Israel in an important sign that the Reagan Administration is not allowing displeasure over Israel's spying in Washington to disrupt their close military relationship.

American Jews, fearing their loyalty to the US may have been impugned by the affair, have been among Israel's harshest critics in the past two weeks. The Conference of Presidents of

erpress their concern, particu-larly at the apparent rewarding of two Israelis who recruited and ran Pollard. The director-general of the

umbrella organisation, Mr Malcolm Hoenlein, said American Jewry had been "hurt and embarrassed" by the affair.
Defence Minister Yitzhak Rabin, addressing the Hadassah women's Zionist organisation that includes many Americans, denied press reports that Israel had planted other agents in Washington.

military capabilities to Israel. The Israeli Government insists it was a rogue espionage opera-tion, but has established an inquiry that may assess the responsibility of political leaders.

Government officials indicated privately that Israel had channelled money discreefly to Pollard's defence lawyers, in an apparent effort to assnage Israeli public concern that a man who risked his freedom to help Israel should not be Washington. abandoned.

Pollard, an American Jew. Security sources said that was sentenced to life imprison- Pollard case broke a long-

standing policy set by the Mossad intelligence agency of not involving diaspora Jews in covert activities which, if uncovered, could damage whole Jewish communities.

Some Israelis have accused American Jews, a potent source of support and funds for the Jewish state, of ever-reacting and questioned their ethnic

Profesor Sklomo Avineri, a Hebrew University political scientist wrote in a polemical friend" that if US Jews really tell comfortable in their cwn society, they should not feel a need to distance themselves from Polisid.

### Hybrid British passport on Hong Kong talks agenda

INTERNATIONAL recognition of the hybrid British passport that Hong Kong citizens will be able to use after 1997 is expected to be the main issue at the sixth session of the Sino-British joint liaison group, which begins in Hong Kong today.

Mr Robin McLaren, who was until recently Britain's ambas-sador to the Philippines, will

up at the end of 1984 to deal with practical problems linked with Hong Kong's transition to the Chinese sovereignty in 1997.

He will not be the only "new boy" in the British team. With him will be Mr Dick Clift, newly appointed political adviser to the Hong Kong Government, and Mr Donald Liao, a local civil servant who will be sitting in on the meeting before taking over from Mr Eric Ho, whose and Mr Donald Liao, a local civil servant who will be sitting in on the meeting before taking over from Mr Eric Ho, whose retirement from the Rong Kong civil service is imminent.

Across the table in Hong tomorrow take his seat for the over from Mr Eric Ho, whose first time as head of Britain's retirement from the Hong Kong

(Overseas) even though these countries, travel doon-available to foreign journeys made by Hong ont who do Kong residents. These include up Chinese Malaysia and Indonesia. Maisysta and Indonesia.

Also under discussion in the liaison group meeting—the sixth so far—will be the bases of Hong Kong's independent negotiation of air service agreements, and the establishment of a separate Hong Kong shipping register. If where a separate is a separate is a separate in the separate in the separate is a separate in the separate in the separate in the separate is a separate in the separate in the separate in the separate is a separate in the separate in the separate in the separate is a separate in the separate in the separate in the separate is a separate in the separate in the separate in the separate is a separate in the separat

Maggie Ford reports on Seoul's fears that protectionism will nip its growth in the bud

### Success puts S Korea under strain

symbolised must recently by the record gales of Hyundai small cars, led to a bilateral trade surplus of \$7.4bm last year. The surplus was accompanied by a rapid increase in demands for the surplus of processing or processing of processing or processing o experience an unusual end to this phase of his career as an International Monetary Fund official. He will clear his desk, pack his bags and return to Washington, for the world's fourth largest debtor nation no opening of markets to US products, for appreciation of the longer has need of his services. South Korea, with a foreign debt of \$45bn behind only Brazil, Mexico and Argentina,

made its first repayment of \$1.8hn at the end of last year and hopes to reduce total bor-rowings to \$41hn by the end of 1987. The repayment crowned the most successful year in the country's economic history as its export-led strategy paid off in the first trade surplus ever

The figures speak for them-selves. Growth in gross national product increased by 12 per cent in real terms, exports rose by 30 per cent while the infla-tion rate remained low at 1.8 per cent. South Korea's current account surplus of \$4.60m reflected a trade surplus of \$4.20m after years of deficits, mostly in the billion dollar

The trend is continuing with preliminary figures for January showing a 33 per cent rise in exports compared with the same month last year. But economists are increasingly concerned that that country could become a victim of its own success.

Their concern focuses on three areas: the trade relation-

Moi signs £50m UK aid accord

PRESIDENT Daniel arap Moi of Kenya, who is on a two-day visit to Britain, yesterday signed They declined to say whether for Unity and Democracy in

visit to Britain, yesterday signed a 550m UK aid agreement when he met Mrs Margaret Thatcher, the British Prime Minister.

The loan, first offered earlier this mouth by Mr Christopher Patten, Minister for Overseas dissent. Over 65 people have been jailed for their connection yesterday, confirms the country's position as the largest recipient of UK aid in subsain years Britain has provided

They declined to say whether far Unity and Democracy in Mrs Thatcher had also discussed Kenya (Ukenya).

Mrs Thatcher had also discussed Kenya (Ukenya).

Mr Moi, who arrived in Britain at the weekend after talks in Washington with President For Overseas dissent. Over 65 people have been jailed for their connection with Mwakenya, a left-wing return to Nairobi last night.

Kenya is regarded by both the US and Britain as an important part of beatings and torture while in six years Britain has provided

Korean won against the dollar and for tariff reductions. Officials fear that a weakened Reagan Administration will be unable to fend off congressional demands for barriers against South Korean goods and that the proliferation of bilateral "voluntary" agreements on curbs will further restrict their trading opportunities.

They concede that South Korea must make better efforts to open its own markets and oint to a number of measure taken recently. They include legislation to protect intellectual property rights, moves towards the introduction of more liberal banking, insurances and financial markets, and attempts to switch imports from Japan, with which South Korea has a \$4.8bn trade deficit, to

The Government's major concern is that protectionism will nip in the bud the country's successful drive into high techelectronics. Its textile and footwear exports are already likely to face further restrictions under the congressional trade

Mr Koo Bohn Young of the ship with the US under a Economic Planning Board protectionist-minded Demo-cratic-controlled congress; the export-led strategy can work for internal imbalances between income groups and external im-halances between exports and European Community, Japan

Kenya is regarded by both the US and Britain as an important east African ally. The US navy has access to the Indian Ocean port of Mombasa, while British troops regularly conduct training exercises in the

In compliance with the terms and conditions of the Deposit Agreement, the dividend distribution will be made by the Depository or the signementioned syents, spainst presentation of the appropriate coupon and the cartificate of nationality and realigned duty completed.

plated.
Morgan Guranty Trust Company of
New York
Brussels Office, as Depository.

rises with higher incomes. The problem for the Government here, however, is to maintain competitiveness.

Wage levels and income distribution provide one distribution provide one imbalances is external, how-

distribution provide one example of the imbalances in the economy that are challenging the planners. Since the country passed the level of \$2,000 per capita gross national product, expectations have been rising. But so, according to critics, has the gap between the haves and have nots.

The main worry about imbalances is external, however. South Korea's competitivity has been helped by the high yen, but not without costs. It relies on Japan for imports of many components for imports of many components for its own manufactured exports and the appreciation of the yen has only made the trade deficit worse. It reached \$5.4bn last ware from \$3bn the year before. The growth rate in farm incomes is down in real terms, a problem for the Government of diversity imports to Europe and President Chun Doo Hwan the US, which would also have which derives support from the advantage of reducing the rural areas. Workers in small surplus, though at a relatively factories may earn as little as early stage.

struggle over this issue and few would care to predict the economic effects of a transfer economic effects of a transfer of government to the opposition. For the IMF, however, the job is over. Its officials have watched for 20 years as a backward agricultural nation, divided and severely damaged by war, developed an industrial hase able to take on the best in the world. South Koreans will be hoping that the substantial hurdles immediately ahead will not prove too him for the not prove too high for the country's leaders.

#### NOTICE OF REDEMPTION

To the Holders of

#### International Bank for Reconstruction and Development

16% U.S. Dollar Notes of 1981, Due May 6, 1988

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fleck and Paying aggregating \$20,000,000 principal amount have been selected for redemption on May 6, 1987 at the redemption price of 100% of the principal amount thereof, together with accrued interest to said date, as follows:

OUTSTANDING NOTES OF \$5,000 EACH OF PREFIX "Y" BEABING THE DISTINCTIVE NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DEGITS:

01 02 03 04 05 07 11 12 14 22 25 27 29 30 31 32 33 54 22 44 45 47 ALSO NOTES OF \$5,000 EACH OF PREFIX "V" BEARING THE FOLLOWING SERIAL NUMBERS:

Payment will be made upon presentation and surrender of the above Notes with compons due May 6, 1988 and subsequent coupons attached at the main offices of any of the following: Morgan Couranty Trust Company of New York in Brussels, Frankfurt an Main, London and Paris; Caisse d'Epargne de l'Etat in Luxembourg and Swiss Bank Corporation in Basle. Payments at the office of any paying agent outside of the United States will be made by these disawn on, or transfer to a United States dollar account with, a bank in the borough of Manhattan; City and State of New York. Any payment made by transfer to an account maintained by the payer with a bank in the United States may be subject to reporting to the United States intarnal Revenue Service (IRS) and to backup withholding at a rate of 20% if payers not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-B; certifying under penalties of perjury that the payer is not a United States person or an exemined IRS Form W-P certifying under penalties of perjury that the payer is not a United States person or an exempted IRS Form W-P certifying under penalties of perjury that the payer's taxpayer identification number or social security number, an appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-P and who fail to do so may also be subject to a pesalty of \$50. Please therefore previde the appropriate certification when presenting your securities for payment.

Coupons due May 6, 1987, interest shall cease to accrose on the Notes selected for redemption. Payment will be made upon presentation and surrender of the above Notes with comp

On and after May 6, 1987, interest shall coase to accrue on the Notes selected for redemption. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated: March 17, 1987

### more than £200m. Ald and development issues were discussed during an 85minute meeting with Mrs ties in Britain of Kenyan exiles. S Africa judges under fire

BY WILLIAM DULLFORCE IN GENEVA

six years Britain has provided custody.

SOUTH AFRICA'S judges were strongly criticised yesterday by the International Commission of Jurists (ICJ) for "par-ticipating in a legal system which denies basic rights to per-sonal liberty" and for imposing "appallingly harsh" sentences, particularly on inventer unprotected. particularly on juventle offenders.

The Geneva-based ICJ is a non-political organisation sup-ported by jurists from all continents and holding consul-tative status with the Council

It sent a fact-finding mission of four tawyers to South Africa for three weeks in February.

presence on the bench lant "undeserved credibility" to a legal system in which personal and political freedom was left

Even judges whom the ICJ lawyers had found to be "eminently civilised and sensitive in conversation" had imposed extremely harsh sentences under the ordinary criminal law. Many sentences income the continuous sentences income and continuous sentences inc imposed recently on children in public violence cases were "unreasonable to the point of barbarity" in the opinion of the ICJ lawyers.

for three weeks in February.

In its preliminary report cape Town had refused to released yesterday the ICI change sentences of seven years team acknowledges that, however courageous and independent they may be, South African judges can only marginally mitigate the impact of face, setting fire to curtains and the country's security laws breaking windows the lawsers. the country's security laws, breaking windows, the lawyers But it considered the judges' reported.

THE TAIWAN (R.O.C.) FUND NOTICE TO THE HOLDERS OF

(R.O.C.) FUND
International Depositary
Receipts evidencing Beneficial
Certificates representing
1,000 units
Notice is hereby given to the Unitholders that the Isiwan (R. O. C.)
Fund declared a distribution of
US\$ 150. — per IDR of 1,000 Units
net of the 20 per cent withholding
tax that is deducted at source
from income.
Payment of coupon No. 3 from the
International Depository Receipts
of the First and/or the Second
Tranche Units will be made, after
deduction of the Depository' face
in amount of US\$ 0.50 per
coupon, on or star March 22,
1987, at one of the following
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Company of New York:

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New York, 30, West Swedney,

—London, 1, Angel Couft,

—Frankfur, 48, Mainzer

Lendestrause

—Zurich, 38, Stockerstrause.
In compilance with the terms and
conditions of the Deposit Agree-AIRMOMOTO CO., INC. erouts to Subscribe for Shares of many Stock of Ajinomote Co., Inc. Januard in Conjunction With an Issue

Purnatuat to Chann 4(A) and (B) of the Instrument deted December 19, 1985, under which the above Warrants were instead, totics in briefly given as follows:

1. On February 22, 1987 the Board of Directives of the Company resolved to entire a free distribution of shares of its Common Stock to shareholders of reach as of March 22, 1987, in Japan, at the rate of a pury shares for each 100 shares haid.

2. Accordingly the subsections wice of

AMMONOTO CO., MC.

By: The Bank of Takyo
Trust Cotagony
as Distancement Again

#### NATIONAL BANK OF HUNGARY US\$200,000,000 Fleating Bate Notes due 2000 (Coupon No. 4)

Pursuant to note conditions, notice is hereby given that for the interest period from 17 March 1987 to 17 September 1987 an interest rate of 84 per cent per annum will apply.

Amount per coupon—US\$345
Payable on 17th September 1987

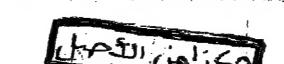
The Long-Term Credit Bink of Japan Ltd.

Dated 17th March 1987

Hessische Landesbank-Giroventrale US\$100,000,000 Floating Rate Notes due 1996 (Coupen No. 2)

Pursuant to note conditions, notice is hereby given that for the interest period from 16 March 1967 to 16 September 1987 an interest rate of 6% per cent per ansum will apply. Amount per coupon = US\$1,645.14, payable on 16th September 1987.

Reference Agent: The Long-Term Credit Bank of Japan Ltd London Branch "Dated 17th March 1987



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### AMERICAN NEWS

# Canadian dollar surges to highest

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FOREIGN investors have helped to drive the Canadian dollar to its highest leve in more than two years, in spite of falling domestic interest rates.

The dollar rose above 76 US cents yesterday, a gain of more than 10 per cent since it reached a record low against the US dollar during a foreign currency crisis just over a year ago.

In a break with the experience of the past decade, Ottawa has been able to lower domestic interest rates without putting pressure on the Canadian dollar. Canadian banks lowered their prime lending rate last week by half a point to 8.75 per cent, the lowest level in 13 years.

In addition, the gap between US and Canadian short-term interest rates, normally a crucial determinant of the strength of the Canadian dollar, has narrowed to 150 points, compared to almost 400 during last year's currency crisis.

Mr. Charles Lynch, chief

year's currency crisis.

Mr Charles Lynch, chief foreign exchange trader at Toronto - Dominion Bank, ascribed some of the recent surge to hedging by corporate treasurers and to buying by Chicago speculators. US subsidiaries in Canada have almost to biggest trading partner,

#### Opposition party moves to consolidate popularity

CANADA'S left-leaning New Democratic Party has made key concessions to Quebec nationalists as part of its efforts to consolidate a recent surge in popularity.

The NDP, which has tradi-tionally supported a strong federal government, decided at a convention in Montreal to recognise Quebec as a unique society in Canada. The party also agreed, if it comes to power, to give Quebec a limited yeto over changes in the Canadian constitution and to allow the predominantly French-speaking province to opt out of federal programmes with full financial compensa-

The NDP has only 29 out of 22 seats in the House of ons. But recent opinion

polls show its popularity at record levels. With the support of almost one in three voters, the NDP is well shead of the ruling Progressive Conservative

The party, the rump of whose support is among trade unions and on university campuses, appears for the first time to have made significant inroads in Quebec, especially among supporters of the province's nationalistic Parti Quebecols, papers pletform also has a social whose platform also has a social

democratic bias.

Support for the NDP has in the past tapered off as elections approach. Its platform includes a number of proposals, which have been too radical for the average Canadian voter, such as pulling Canada out of Nato and nationalising at least one of the big Canadian banks.

#### Venezuela puts in troops to quell city riot

VENEZUELAN troops and police have taken control of the western city of Merida to quell riots and street disturbances that began last Friday after a student from the University of the Andes was shot to the company of the Andes was shot to the company the company the company to the company to

The student's death provoked a city-wide wave of window-smashing, rioting and looting by groups of university students and local youths. at the weekend. Bands armed with rocks and clubs attacked police and national guardsmen, burned down a store used by military personnel and set fire to the personnel and set fire to the local headquarters of Democratic Action, the ruling Gov-

ernment party.

The Merida disturbances were the worst seen in Venezuela in recent years. One newspaper suggested that members of a

#### Troubled utility to meet bankers on loan problem

banks in New York this week to tell them that the company cannot repay its foreign loans because of conditions imposed by the Venezuelan Government. Talks between bankers and Mr Francisco Aguerrevere, the president of La Electricidad, and the company's vice president, Mr Luis Jose Diaz Zulogaga, were scheduled to begin today, the company said, La Electricidad said recent devaluations of the Venezuelan bolivar had increased the comdevaluations of the Venezuelan bolivar had increased the company's foreign debt service to the point where it would no longer be able to repay its foreign loans, import equipment required

The company—viewed by

suggested that members of a foreign loans, import equipment required.

The company—viewed by businessmen as one of the most efficient private operations in Latip America—warned earlier to homes and businesses in the centre of Merida, a picturesque city in the Venezuelan Andes, were considerable.

foreign loans, import equipment required

The company—viewed by businessmen as one of the most efficient private operations in Latip America—warned earlier this mouth that it would be forced into bankruptcy by 1990 unless the Government agreed to grant increases in electric power rates.

#### Oil price fall pushes Peru trade balance into the red

BY DOREEN GELESPIE IN LIMA

PERU recorded a \$50m (£32m) for at least seven months of trade deficit last year following a \$10m a year surplus for the past three years. Peru last registered a deficit on the trade balance in 1982.

The turn-round reflects a foreign debt to 10 per cent of its foreign debt to 10 per cent of its

balance in 1982.

The turn-round reflects a sharp fall in Peru's exports to \$2.5bn from almost \$3bn in 1985, mainly reflecting a collapse of oil prices at the beginning of last year. Imports rose to \$2.6bn compared with \$1.9bn in 1985.

International reserves have fallen by \$440m since last September, and this week the central bank put into effect new regulations forcing importers to obtain foreign exchange licences for all imports of capital goods. Companies cannot begin paperwork for import licences with prise.

said there would not be a vestment should be encouraged to there would not be a vestment should be encouraged in mining and petroleum, it that Peru had enough dollars

exports.
Meanwhile Mr Peter Bigen, head of the World Bank mission which has been in Lima for the past week, said the bank had agreed with the Government to disburse an \$80.5m credit line for the city

The increase in imports reflects growing food purchases abroad to cover local shortages and imports of industrial inputs as a result of last year's 8.9 per cent economic growth.

International reserves have fallen by \$440m since last September, and this week the September, and this week the central bank out into effect new into the local press last week was only a draft and did not reflect current world bank opinion. The report argued that the Government's economic policies and ambitious project plans through to 1990 were unreal-title and inconsistent. Even if istic and inconsistent. Even if it could raise the funds it would be taking away available resources from private enter-

out first obtaining approval to use the foreign exchange.

Dr Leonel Figueros, the central bank president said priority was being given to basic priority was being given to basic food and medicine imports. He said there would not be a systement should he ancouraged. The report singled out a big

# WE'VE COME UP WITHAFOOLPROOF WAY OF MAKING MONEY.

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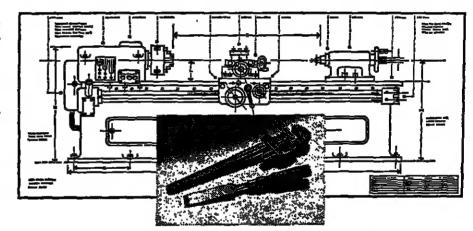
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### "What's special about these Danish companies?"

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### **EEC** launches plan to boost exports to Japan

The commission says counterfeiting remains a major problem, with virtually all the

lem, with virtually all major European names

luxury goods — such as fine leather goods. perfumes, watches, pens and jewellery — suffering in Japan. Again it

proposes co-ordinate action with EEC manufacturers to

make policing in Japan more

been presented to the Japanese Government to make public purchasing more open and transparent. In one field—

tendering for the new Kansei

airport contract—the commis-sion has had direct negotiations with the airport authority and proposes holding a seminar for European contractors in Osaka.

Sectors where negotiations on

more open norms and standards, and removal of other harriers, se aleady under wa yinclude medical equipment, telecommunications, and financial ser-

this year.

An increasing number of

A new memorandum has also

effective.

THE European Commission action with European exporters yesterday proposed action in is suggested to tackle the yesterday proposed action in is sugge new sectors to boost EEC ex- problem. ports to Japan, including cos-metics, dairy products, and tougher measures to control

In a wide-ranging report to EEC foreign ministers on the state of trade relations between the community and Japan, the commission also spelt out initiatives it is taking in other areas including public procurement, shipbuilding, footwear and food.

shipbuilding, footwear and food.

It points to a slight improvement in the European penetration of the Japanese market, with a 10 per cent increase in exports in the general field of machinery and equipment, electrical products, cars and aircraft and a 2.2 per cent overall increase in EEC exports of manufactured products to Japan.

posts to Japan increased from \$8.85bn (£5.9bn) in 1985 to \$12.43bn in 1986—up 40.5 per cent—although in yen terms the movement shows up as a drop of 1 per cent, as a result of the strengthening of the yen against

In contrast, US exports to Japan showed an improvement of only 2.3 per cent in dollar terms and a deterioration of 28 per cent in yen terms.

The commission report suggests some modest, but still about opening their domestic inadequate, success for the markets to foreign competitors, twin-track approach of global saying they fear problems related to the year's sharp rise against the US dollar, a Government of the period of the saying they fear problems related to the year's sharp rise against the US dollar, a Government of the period of the saying they fear problems related to the year's sharp rise against the US dollar, a Government poll indicated yesterday. AP reports from Tokyo, where EEC saies of cheese reached a modest Ecu 60m in cent said Japan should be care.

attacked include dairy exports, where EEC sales of cheese reached a modest Ecu 60m in 1985. The commission says ful in opening its doors because Japan is planning to double of domestic economic problems cheese production over the next five years and uses strict quotas Prime Minister's office reported, and high tariffs to protect its A year earlier, only 28.9 per market. It plans to start negocety had expressed such containing to eliminate those cerns. tiations to eliminate those cerns.

Cosmetics is another sector yen has risen by about 60 per the commission proposes to cent against the dollar, making attack, in particular to relax Japanese goods abroad more exthe Japanese rules to permit pensive and leading to fewer different ingredients. Joint exports,

#### McDonnell joins fight for Dutch 'copter order

MCDONNELL DOUGLAS, the US aerospace company, has joined the battle for a Fl 780m (£230m) order for 20 light-attack helicopters from the Royal Netherlands Air

The contract is part of a F1 2.5bn overhaul of the air force's helicopter fleet and already has drawn been interest from Agusta of Italy and Aerospatiale of France.

McDonnel Douglas repre-mentatives lobbied Dutch MPs yesterday and were to meet Defence Ministry officials later in what may be an uphill

Mr Jan Van Houwelingen, Under-Socretary of Defence, is an avid supporter of Euro-pean co-operation in arms development and his shortlisted Agusta's Mongoose and Aerospatiale's Panther.

But at MPs' request, McDonnel Douglas came to The Hague to present a case for its Apache helicopter. The Lyux 3, made by West-land of the UK, was removed from the short-list last year because of its high cost and disappointing performance.

The field of car imports and exports is also under discussion, although the commission is not rushing into new action, in spite of a surge in European imports By May, the Defence Ministry is supposed to make its recommendation, which will then go to parliament for

The new armed helicopter, to be delivered from 1990, will replace the ageing Aleuette His for the defence of the north-eastern border with West Germany, Mr Van Houwelingen is driving a hard to pay no more than Fl 20m an aircraft and demanding compensation orders covering 100 per cent of the deal.

Part of McDonnell Douglas's bandicap is that the Apache costs between F1 60m and F1

It is not known what kind of compensation orders are under discussion although Acrospatiale is believed to have offered to buy back its Alouette IIIs for about F1 1m apiece.

### Richard Gourlay reports on a calmer climate for potential Philippines venture capitalists Investors turn an inquiring eye on Manila

vestment in a seminconductor sented said.
assembly plant in the Philippines, attracted mainly by low ing in the P

Within six months the company hopes to employ 1,500 people and be a major player in an industry that, despite tough times worldwide, has grown into the country's single largest dollar eatner. Team Pacific's move is a sign

that venture ospitalists, often in small and medium sized enterprises and often with pre-vious experience in the country, are beginning to test the investment water the investment water

The interest is not confined to the electronics assembly industry. For example, a push to expand agribusiness has led to a sprouting of small and medium scale prawn farms mainly for the apparently insatiable Japanese market.

Put the large investments

But the large investments that many economists believe are essential to build further political stability and sustainable economic growth are still only on the horizon. The US Government's Overseas Private Investment Coverseas which Investment Company, which swept through Manila with 27 corporate executives last week,

TEAM PACIFIC CORP, founded was premature in proclaiming by former employees of Silicon the country to be on the verge valley's Fairchild Inc. this of "an economic miracle." a month amounced a \$10.7m in number of the companies repre-

"The disincentives to investing in the Philippines seem to be going but there don't seem Dan Montano, a venture capitalist and manufacturer of medical electronic products, also from California's silicon valley stable.

The distincentives referre to are generally seen as political instability and labour unrest. Since President Corazon Aquino nursed a new constitution through a referendum in February, overwhelmingly renewing her mandate at the same time, the country has moved a long way towards political stability.

Major problems remain, not least of all being whether an unruly congress will be able to push through vital legislation as quickly as necessary. But it is a far cary from last year when continuous coup threats and dissent within the cabinet gave the impression of a government lurching from crisis to crisis.



Cory Aquine: calmer political

be carefully watched during the annual "spring offensive" in April, when unions have been at their most militant in the past to see if he can present past, to see if he can prevent illegal strikes where his pre-decessor falled.

On the labour front an appalling strike record in 1986 the new investment in order to has sharply improved this year. meet its ambitious 6-7 per cent flowever, the new Labour Seegrowth targets this year, more

quickly than investors seem prepared to move.

Investors want to see the several potential investors. final shape of a new invest-ment incentives code launched last month for public hearings and whether it can compare

with incentives offered by, for example, Thatland, the latest Asian country aggressively try-ing to attract new investment. Initial reactions suggest that none of the new incentives will make the Philippines stand out from its Assan neighbours as an investment haven.

an investment haven.

Minor question marks on the political front hang over who will replace the nine cabinet officials who are stepping down to stand for the senate elections in May, and whether the labour wilders are the home.

tions in May, and whether the labour unions really have pulled in their horns.

But the other major concern to investors is whether their increasing interest is reflected by Filipino businessmen. Some estimates suggest Filipinos transferred \$3 to \$10bn out of the country during the last

the US, where many of the country's brightest students are

educated and then attracted by higher salaries or bigger markets, has also added to the entrepreneur drain. It is one reason why support It is one reason why support industries for companies like Team Pacific have not developed. It also explains why, in the electronics industry for example, after more than 10 years in the Philippines, the locally-supplied value added tends to come from labour alone, industry sources say.

In the domestic market, investment opportunities are likely to remain limited for some time, economists say, Gross national product per capita is one of the lowest in Asia at \$550 and only began to grow again in the last quarter of 1986 after nearly three years

transferred \$3 to \$10 to out of the country during the last years of former President Ferdinand Marcos's regime. Almost none of it has yet returned in new investment.

The Philippines faces a peculiar problem here. The drain of entreprenential talent from the Philippines during the Marcos years left a dearth of the design of the programmes has begun in stimulate.

### Cocom move to reform rules on technology exports

THE MAJOR industrialised countries are examining the streamlining of export controls on sales of sensitive tech-nologies to the Soviet bloc, in a move which would could give a new impetus to East-West

also aimed at tightening super-vision of sales of goods from a range of Western countries which are not Cocom members. A high-level meeting of Cocom, which groups all Nato countries with the exception of Iceland, plus Japan, agreed in January to investigate what officials call new ideas for the Further talks are due to be

held in the next few months, Gorbachev, the Soviet leader. Which could result in conclusions being drawn up during the

The Cocom suggestions are not linked directly to the West's efforts, spearheaded in Europe

### The moves, under discussion at the Paris-based Co-ordinating Committee for Multilateral Export Controls (Cocom), are also aimed at tighteeing committee. Warning to the West over Soviet trade

WESTERN companies which

None the less, they point to a less hawkish approach to Cocom than that advocated in the past, particularly by the US Defence Department. They also tie in with the desire of industrial Europe and the US for a

The Soviet Union is reluctant believe the Soviet Union's in- to buy technology abroad and dustrial modernisation effort will do so only as a last resort, will mean a bonanza for high-technology exporters will be disappointed, according to Mr of the country's need to husband the US Brookings Institution.

This is more than a reflection of the country's need to husband currency resources, on Soviet economic affairs at the said. The basic commitment of Mr Mikhail Gorbachev, the

gestions run parallel to efforts in the US, led by Mr Malcolm Baldrige, the Commerce Secre-tary, to cut sweeping US export controls which are stricter than those applied through

Cocom, which began in 1950, tries to prevent militarily-use-

Soviet leader, to indigenous technology "runs very deep." The motivation for the much-vaunted new law on joint ventures with Western companies was more to open markets abroad for Soviet goods than to gain access to new technology.

Additionally, the Cocom sugestions run parallel to efforts
in the US, led by Mr Malcolm
aldrige, the Commerce Secreary, to cut sweeping US exour controls which are stricter

communications.

The proposals, going beyond previous efforts to cut bureau cracy by subjecting the Socon lists of proscribed goods to contimuous revision, would result in a cut in the length of the key Cocom list dealing with high technology products espanie of both military and civilian use. Apart from simplifying the list, Cocom plans to look into ways of bringing countries as diverse as Brazil, India and Sweden, which are not part of Cocom, under some furnities of



Swiss Bank Corporation and export financing.

#### If you're not interested in foreign markets, just turn the page. And while you're turning, somebody

out there is making plans to grab the customers your company needs. Maybe it's already happening. A lot of companies make the news by learning about the international marketplace the hard way.

Are we trying to tell you there's an easy way? Not really. Except that the easiest way is probably to work the hardest. But if you are taking foreign sales seriously, the transaction skills we've developed over the years could make life easier for you.

Remember, these are the markets we grew up in. And our business keeps growing.



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### Italian machine tool sales rise

ITALY'S machine tools industry achieved a 17 per cent increase in sales last year, to L2.495bn (£1.2bn), which enabled the Italians to maintain their positions to maintain the maintain the maintain their positions to maintain the mai tion as the world's fifth biggest

Exports grew seven per cent at current prices, a drop of 0.4 per cent in real terms, according to UCIMU, the machine tools manufacturers'

56.4 per cent of the total turn-over of the machine tools

Imports increased 28.2 per software and flexible manufac-cent in real terms, to L517bn, turing systems as well as This resulted in a L829bn trade machine tools.

UCIMU, based in Milan, which has 162 members (including Comau, Italy's higgest company in the sector), amounced yesterday that it is to change its structure to in-

clude factory automation companies, Mr Pierkulgi Streparava, its

increasingly require solutions to organisational problems and markets last year were West He said in future UCIMU Germany, the US, France, the Soviet Union, China and the would include companies UR. would include companies involved in the manufacture of numerical controls systems,

He stressed the future of machine tools was in computer-integrated manufacturing. He claimed Italian companies were as avant-garde as their Japanese or US competitors

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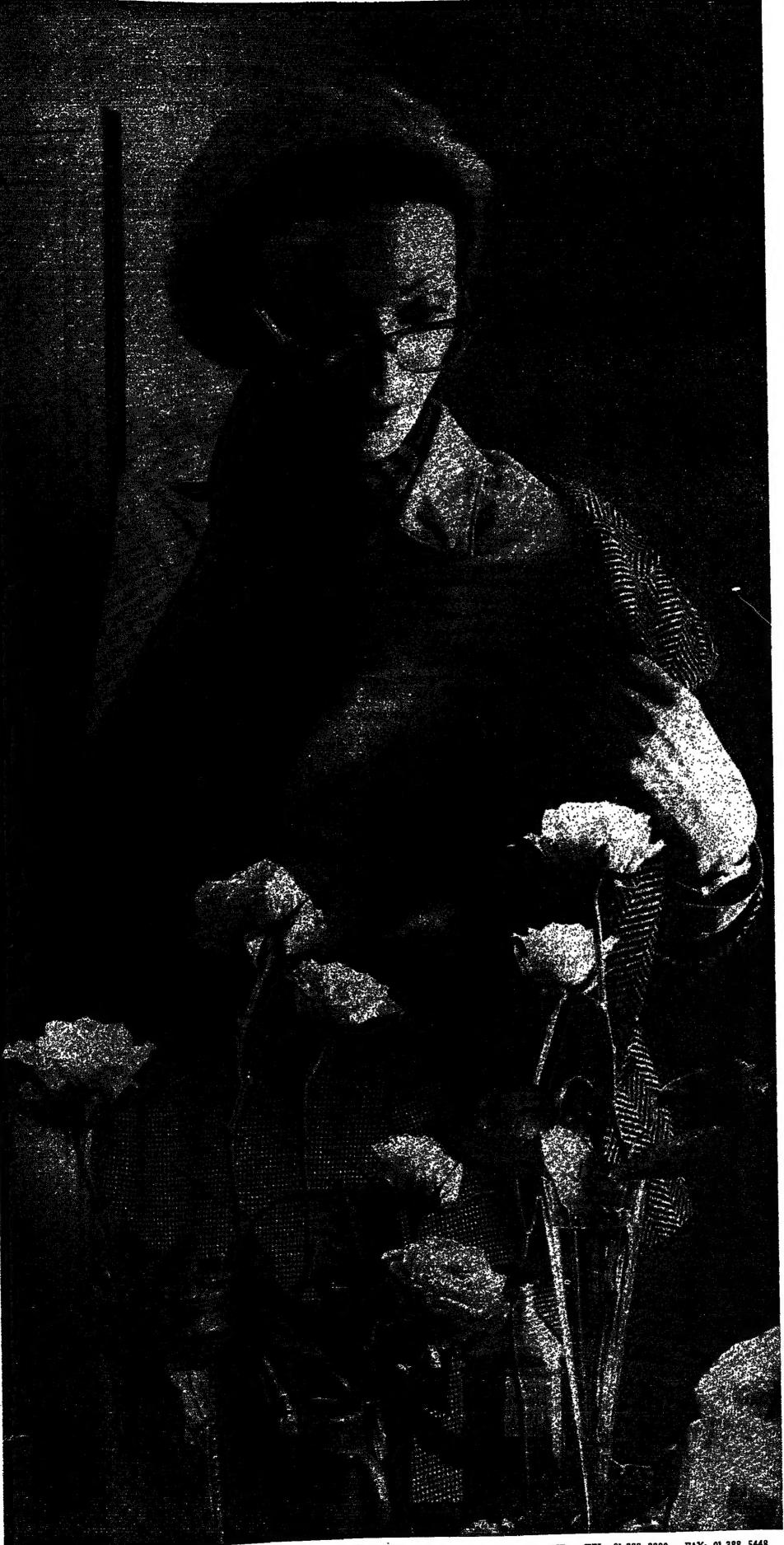


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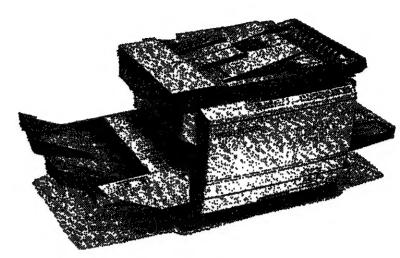
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# The girl who insisted on the Ricoh copier.



Ricoh may not be a familiar name to you at present. But order a copier or any Ricoh office equipment and one other word will soon also become extremely familiar.

"Thanks."

"Thanks" from the boss for improving the overall efficiency of the company.

"Thanks" from the financial director for slashing the service bill.

"Thanks" from the executives who now seldom hear the dreaded words "the copier's broken."

And an extra special "thanks" from everyone for clear, perfect copies from ultra reliable machines.

For over 50 years, Ricoh have been designing office equipment from one simple, enlightened point of view.

By putting ourselves in the other person's place.

And that's you, the executive. You, the financial director. You, the buyer. And, of course, you the operator.

And thus, what you want is designed into every piece of our equipment.

Ease of use, the latest labour saving technology, dedicated service and above all, standards of quality and reliability which are unsurpassed.

Thus, Ricoh has become synonymous with the word dependable.

It is this philosophy which has seen Ricoh grow into a company successful in more than 130 countries.

And as a final proof, become market leader in copiers in Japan,\* where it is rumoured, they know a thing or two about business.

\*Nihon Keizai Shimbun (Japan Economic Daily)

RIGON

Bank chief

challenges

criticism of v

City profits

MR ROBIN LEIGH-PEMBERTON

governor of the Bank of England.

of Britain's financial sector, in par-

In a speech to a seminar on the City of London and industry orga-

nised by the Industrial Society, he

responded to criticisms that the

City appeared to be making effort-

less profits and enjoying special

privileges, and said be was worried that the profits being made in some markets are inadequate to

pport the business being done."

Pricing was often too competitive

and profit margins unrealistically small on interest and foreign ex-

thened to provide a custion of li-

quidity and capital to meet mer-

berion made an butspoken crifici

of upportunistic curporate meda-tors which immediad takeover hids and of the City institutions which promoted them. Yesterday, how-

that the threat of takeovers put cor-

concentrate on short-term profits at

the expense of long-term objectives.

A greater danger "lies in a kind of "long-termism" on the part of share-holders that might be better decribed as passivity inactivity, or waiting for something to have up.

porate managers under pres

ediaries needed to be strong

terday mounted a stout defence

### Spending boom resumes after January setback

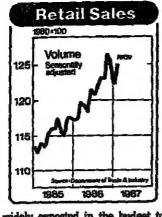
BY JANET BUSH AND LISA WOOD

RETAIL SALES recovered sharply in February from January's weath er-depressed levels, providing evi-dence that Britain's consumer spending boom is still intact.

Provisional Department of Trade and Industry figures yesterday showed that sales volumes rose by 2.2 per cent, seasonally adjusted, af-

DTI officials said the volume of sales remained on an upward trend but were no longer seeing the buoyant growth rate of last summ Consumer spending is not expected to match last year's substantial growth of around 5 per cent, partly as a result of inflation eating into

Nevertheless, spending will remain buoyant, growing at around 4
per cent, according to the Chancellor of the Exchequer's Autumn
Statement forecast. Real disposable incomes are still rising quite rapidtively high and should be given a further houst by income tax cuts



ray.

The DTI officials said that the volume of sales in the three months to February was little changed from that in the previous three months. Given that January's activity was particularly depressed and that the previous three-month period inthis showed the durability of the retail boom. Sales in December to February were 8 per cent higher than the same period a year ago. The February rise in sales was

larger than most independent fore-casts and perhaps suggests a more buoyent picture than the Confederation of British Industry/Financial Times distributive trades survey published last week. The survey showed that sales had indeed picked up in February but that the recovery had been, if anything, rather disappointing.

The Retail Consortium, which represents the majority of Britain's retailers, said yesterday sales had been helped by the fact that the February weather had been mild compared with the same month last year and school half-term holidays had fallen in that month.

The consortium said all items seem to benefit, with even spring fashions selling well.

The index of retail sales voi (1980 - 100) was set at a provision al 125.0 in February, the same level

### Inspection for union-backed college

kin College, Oxford.
This follows as lengthy controversy, over the position of Mr David bourne, a lecturer there who faced criticism from colleagues and protests from students over an article he wrote for The Times newspaper during the Wapping dispute. A trade union ban against writing for News International titles was then

THE GOVERNMENT is to set up cial position of the trade union and an inspection into academic free-dom at the trade union-backed Rus-traditions of academic freedom.

Mr George Walden, the Higher Education Minister, expressed con-cern at some of the views of members of the college during a series of

Consequently, the Government has decided to seek an independent assessment. Dr Albert Sloman, Vice Chancellor of Essex University, has agreed to lead a team of three to

They say success changes people, but it hasn't

However fast business has grown, it's always

It shows in the big things. Like the handcut

It shows in the all-important points of detail, like

It shows in the pride that Charles Church people

been our insistence on the highest standards that has

the choice of cast iron baths and ceramic, not plastic,

- and nearly a thousand work for us these days -

timber roof on larger houses, and solid internal

changed us at Charles Church.

partition walls, upstairs and down.

led the way.

take in the job.

dooted for ensuring that they are put into practice. They will recom-mend to the Education Secretary, what principles should in future apply and the means for ensuring that

y are practiced. Powers of inspection apply under existing legislation to organis which receive government grants. kin is receiving a recurrent grant of just over £570,000 with a further

Building in quantity

doesn't stop us building

in quality.

### Market makers find jobs

quickly

SCRIMGEOUR Vickers, the Lonhased recurities firm owner by Citicorp of New York, mor quickly yesterday to hire market assisers from Midland Montagu, which announced on Friday that it is closing down its equity market making operation.

The firm claimed last night that it had secured the services of eight people, with another two under negotiation. This will bring to around 00 the number of market makers employed by

Midland Montagu employed 38 market makers, of whom it ex-pects to retain about 10. The remainder are also expected to seek jobs elsewhere.

Seringuous said yesterday that Mr Fred Patiti, the managing director, would return to Citi-corp Investment Bank now that corp Investment Bank now that the acquisition and integration of Scringeours was complete. He will be replaced by Mr John He-witt, a former analyst of the re-tailing sector, who has been with the group for 20 years.

Mr Hewitt said that Serim-geouse' anchot making opera-tion was making money but that high acquisition and development costs mount the overall op-eration had yet to make a profit.

Messel, the stockbroking firm owned by Shenron Lehman Brothers, said yesterday that it was letting three salesmen go. Mr Jacques Gelardin, chairman of Snewman attention, said the company was "up-grading" its activities. It was also reshaping its market making to concentrate on more profitable

And these days, the job is to build not dozens but

Right now, Charles Church are at work on twenty

hundreds of houses, in over thirty different styles.

sites throughout Buckinghamshire, Oxfordshire,

developments planned in Kent, Bedfordshire and

For three years running, we've been voted the top builders in the South of England, and in one of

Because from the beginning, Charles Church

We've built a reputation we guard with our lives.

those years, the top builders nationally.

have built even more than quality homes of

Berkshire, Surrey, Sussex and Hampshire, with further

LANDMARK FOR POST 'BIG BANG' STOCK EXCHANGE

### Seaq settles for budget day compromise on late trading

BY TERRY SYLAND

**UK NEWS** 

THE LONDON stock market approached its first budget day seselectronic trading system with in-itial enthusiasm, but finally aetiled for a good old British compros The Seaq (Stock Exchange Auto-matic Quotations) screens, which

theoretically allow trading to con-tinue outside conventional market hours, will stay alive until 7pm tonight, but the market-makers will

Seag officials approached some, but not all the equity market-mak-ers yesterday morning, suggesting that the screens service should be extended today, to allow for a full market response to Mr Lawson's budget speech, due at 3.30 pm. But traders were unenthusiastic, repering how erratic busine

til 7pm, but the mandatory quotation period - when market m must maintain and support their price quotations - would terminate as usual at 5pm. After that time, market-makers must elect either to trade, in which case their price quotations will be regarded as "firm", and therefore available to all potential customers, or to withdraw from trading in which case their prices

all be marked in red. This may not satisfy those traders who would prefer to make their decision after 5pm, when the scale of customer interest can be dis-

"In the old days, of course, the jobbers just didn't answer the tele-

It appeared last night that many

Late yesterday it was agreed that open for business, although they the screens would remain active unay limit the size of bargains in may limit the size of bargains in which they are willing to trade. Activity in the consumer stocks is likely if the Chancellor of the Exchequer is generous with personal tax

In the gilt-edged market, the Bank of England made clear that marksimakers will be allowed to suspend trading if they wish, without offending against the Bank's rule that market-makers must sintain continuous two-way markets if they want to stay on the ap-

in the past, bond dealers have ceased trading as soon as the Chancellor stood up in the House of Commons. Some trading may be seen today, "but it won't be aggressive. With budgets, you always need to read the line print, said a leading market-maker in Government se

### Share reporting rules relaxed

BY STEPHEN FIDLER

its regulations over the repair is share bargains in a move designed share bargains in a move designed ts regulations over the reporting of to make it easier for many men

Buying or selling large baskets of stock, known as portfolio trading, is becoming an increasingly impor-tant part of the London share markets. Up to £500m of UK shares is stimated to change hands weekly

Stock exchange rules have previ-

grade of shares - so-called alpha stocks - within five minutes of the trade taking place. Trades are nor-mally then displayed on the stock

Member firms had complained that for large partialies of shares, auch reporting was physically im-possible and often made it difficult to execute large trades without adersely affecting share prices.

The stock exchange's new rules allow for delays in reporting such given to the exchange's market surveillance section and the portfolio

In new market practice guide-lines issued to share traders, the exchange said that no allowance would be made for portfolios trades shares on to its own book, or in the case of so-called "deceased portfol ion," where there was no require

may pass for the opposite of she companies that shareholders are companies that anarchousers are repared to back unreservedly and without any prospects of immediate return, Mr Leigh-Femberton said. "To sak for protection against the threat of unwelcome takeovers is to dany the mambers of the company

nemy the members of the company the essential rights attaching to their shares: the right to vote, and the right to sell."

### Lewis's stores switch to part-time workers

BY DAVID BRINDLE

THE LEWISS department store had conducted surveys showing chain, part of the Sears group, that the stores were over stalled chain, part of the Sears group, plans to shad 600 full-time jobs and create instead about 1,000 part-time

with changes in the opening hours of the 10 stores which trade mainly the group to be part of a general trend in retailing towards part-time

early in the morning, when hew cus-tumors were present, and under-station at relatively busy lumb

As a result, working hours were eing amended to fit revised pening hours. From May 5, the

stores would trade from 10 am to 5.30 pm on Monday, Tuesday, Wedneeday and Friday, from 10 am to 8 pm on Thursday, and from 9.20 am Searce said yesterday that Lewis's to 6 pm on Saturday.

### **Some business travellers**

will change neither hotel nor newspaper. That's why they are particularly happy to find complimentary copies of the Financial Times at the following hotels in Lyon: Frantel, Grand Hôtel Concorde, des Artistes, Le Roosevelt, Mercure,

FINANCIALTIMES

NOTICE TO HOLDERS OF AJENOMOTO CO., INC.

(Afficient Kebroliki Ker-U.S. \$40,000,000 7% per cent. "weertible Bands 1985"

U.S. \$48,900,000 5% per cent. Convertible Bonds 1996 (the "1996 Bonds")

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£35 million nominal of stepped interest first mortgage debenture stock 2012

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£8 million nominal of cumulative participating preferred shares

We designed the capital structure, underwrote the placing and acted as financial adviser to the company.

SAMUEL MONTAGU & CO. LIMITED

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March, 1987.

### CHARLES CHURCH

**Quality Homes of Character** 

	1986 £million	1985 £million
Turnover	346.0	261.8
Operating profit Net interest payable	15.0 (4.5)	(0.1) (5.6)
Profit after interest Share of profit in related companies	10.5 1.2	(5.7) (1.7)
Profit before taxation Taxation	11.7 (1.2)	(7.4) (0.4)
Profit after taxation Minority Interests	10.5	7.8) 1.4
Earnings Extraordinary items	10.5 (0.3)	(6.4) (3.0)
Profit attributable to ordinary shareholders Dividends paid and proposed	10.2 (4.5)	(9.4) (4.0)
Retained profit	5.7	(13.4)
Earnings per 10p share Dividends paid and proposed per 10p share	6.32p 2.7p	(3.90)p 2.4p

of section 239 of the Companies Act, 1985. An unqualified auditors' report will be given on the 1986 financial

#### HIGHLIGHTS FROM THE CHAIRMAN'S STATEMENT:

"Nineteen eighty six saw a substantial improvement in the electronics industry world-wide and our company benefited from the upturn. In my interim statement in August, 1986, I was pleased to announce a return to profitability. The remainder of 1986 has seen the forecast increased demand for the Group's expanded product range and orders already received suggest this trend will continue throughout

During 1986 considerable personal energy and effort was expended by your Directors and executives to conclude the rationalisation programme started in 1984, in order to enable the Group to further develop its mainstream business and to pursue other areas of opportunity."

> W.R.A. WYLLIE CHAIRMAN

#### BSR INTERNATIONAL PLC

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Lift one exist the team 1956 Annual Report ". Write R

### Rolls-Royce

### Gearing up for a competitive future

WHEN ROLLS-ROYCE, the national Aero Engines V-2500, is putting much emphasis on privatisation, reports its account for 1986 on Thursday, they are expected to reveal considerable buoyancy, with pre-dax profits up on the 1985 result of ESIM, and significant improvements in both turnover (£1.6m in 1985) and orders in hand (winch stood at £3.1bn last (winch stood at £3.1bn last Cotober 6).

Factors behind this success have been the continued strength of civil engine busi-

rofits

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October 6).

Factors behind this success have been the continued strength of civil engine business, stemsning from the requipment tide now flowing strongly among the world's airlines, together with a continued high level of military business and a steady growth in industrial and marine activities.

The future in all those areas special and marine world-wide military business up to the end of this century is flosin, while its estimate of future world-wide its estimate of future civil business over the same period is about £70hm.

Rolls-Royce recognises that competition will be fierce. To some extent this can be offset by international collaboration,

Rolls-Royce recognises that competition will be fierce. To some extent this can be offset by international collaboration, which reduces development which requires development costs and risks while increasing access to markets. But there will still be some titanic struggles for individual con-

struggles for individual contracts.

The company is well poised to take advantage of market growth. Over the 16 years since the bankruptcy and Government rescue of 1971, it has put together a family of military and civil engines which it goshawk trainer aircraft probelieves can hold their own technologically against anything the two US giants, General Electric and Pratit & Whitney can offer.

Panavia Tornado combat aircraft; the Adour engine, also collaborative (with Turbo-collaborative (with Turbo-collaborative (with Turbo-collaborative and France) for the Japanese The Japanese The Japanese The Japanese The Like Hawk trainer (now also being built for the US Goshawk trainer aircraft programme); and the Pegasus vertical take-off engine for the Harrier aircraft for both the RAF, the Royal Navy and the US Marine Corps.

can offer. But although Rolls-Royce has done well in the market for the military market is depen-large civil engines, it is still dent on levels of defence third in the list behind General expenditure in the free world.

This is now being partially rectified with the new Inter-

based substantially on three major power-plants. These are the RB-199 engine, built as part of the European Turbo-Union consortium for the collaborative Panavia Tornado combat air-

TIS Marine Corps. The company points out that

third in the list behind General Electric and Pratt and Whitney, with about 13 per cent of the world market (by value) for big-thrust if the engines.

This is largely because the UK company failed in the 1970s to get its RB-211 engine on to the new generation of Airbuses then emerging the A-300 and A-310, with the result that a market for several hundred airliners has been lost to the US companies.

This is now being partially expenditure in the free world. Some areas have prospects for volume growth, but the market is largely geared to the development of successors to existing aircraft and engines.

At the end of 1988, the company had outstanding military order books worth £582m for the RB-199 engine for the Tornado; £444m for the Pegasus jump-jet engines for Hartiers; and £68m for the Adour for the Hawk and the US Goshawk trainer programmes. trainer programmes.

For the future the company

engine, the RTM-322, which is already a candidate for the US Sikorsky Black Hawk helicopter.

This power-plant follows Rolls-Royce's policy of develop-ing a basic new "core" (the hot part of an engine where fuel is mixed with compressed air and burned to provide the basic

overall world engine manages medium-haul sirilners, such as Boeing 757 twin-engined jets, accounting for 34 per cent; short-to-medium haul sirilners, such as Fokker 100s or Boeing 737s, accounting for 10 per cent; larger comporate jets, such as the US Gulistream IV. 3 per cent; and large commutar turbo-gropeller sircusit, 3 per turbo-propeller sircusit, 3 per tent; and in such as the US Gulistream IV. 3 per cent; and large commutar turbo-gropeller sircusit, 3 per tent; and in such as the US Gulistream IV. 3 per tent; and large commutar turbo-gropeller sircusit, 3 per tent; and large commutar turbo-gropeller sircusit, 3 per tent; and the same group's Surperfan, now on offer for the next-generation Airbus A-340 long-range jet.

These power-plants represent the core of the company's civil business through to the end of the Superfan through the IAE consortium, but also other types of its

Rolls is represented by the RB-211-524 series of power-plants, now being developed through the D4D version up to 58,000 ibs thrust, but with plans to the transfer to 60,000 ibs 58,000 ibs thrust, but with plans to tike it further to 60,000 ibs or eve a64,000 ibs if required.

In the short-to-medium haul aircraft field, the company has its smaller version of the RB-211, the series 535, in the Boeing 757 twin-engined jet airliner. Outstanding orders for the 535 version of the RB-211

The ways in which substantial reductions as well as prop-fans, which in fuel consumption (in some could be used on smaller airliners.

It is generally believed that developing these revolutionary new aero-engines, even on a collaborative basis, Rolls-Royce exhaust, increasing propulsive aid for them. the 535 version of the RB-211 The ways in which this can be use worth over £100m.

All of these civil engines a result the engines show conthe 535 version of the RB-211 are worth over £100m.



Signs of an upturn in demand for Rolls-Royce's series 535

pany, five-nation International
Aero Engines group, in which it
has a 30 per cent stake (as does
Pratt & Whitney of the US, with
engine companies in Japan,
West Germany and Italy holding the rest), to develop the new
V-2500 medium-thrust turbo-fan
for use in the European A-320

tion on the rear fuselage of an
airliner.

But another "UHB" engine
the more recent Superfan, a
development of the International Aero Engines V-2500, for
the projected new Airbus
another are fuselage of an
airliner.

But another "UHB" engine
the more recent Superfan, a
development of the International Aero Engines of an
airliner.

But another "UHB" engine
the more recent Superfan, a
development of the International Aero Engines of an
airliner.

and burned to provide the basic power), which can be adapted to produce a wide variety of other engines, giving the company a high degree of development flexibility.

Civil business, however, will also remain a major part of the company's business.

Rolls-Royce divides this business into several sectors—wide-bodied medium-to-long range airliners such as Boeing 747

Jumbo jets, accounting for some 50 per cent by value of the overall world engine market; medium-haul airliners, such as Boeing 757 twin-engined jets, accompanied jets, are companies in Japan, for the longer-term party five-nation International acro Engines group, in which it has a 30 per cent stake (as does Boeing 757 twin-engined jets, accompanies in Japan, development of the International acro Engine companies in Japan, development of the International acro Engine companies in Japan, for the longer-term party five-nation in the seven-company is the more recent Superfan, and evelopment of the International acro Engine companies in Japan, for the longer-term party five-nation in the seven-company is the more recent superfan, and evelopment of the International acro Engine companies in Japan, for the longer-term party five-nation in the seven-company is the more recent superfan, and the product of the longer-term party five-nation in the seven-company is the more recent superfan, and the product of the longer-term party five-nation in the seven-company is the more recent superfan, and the product of the longer-term party five-nation in the seven-company is the more recent superfan, and the product of the longer-term party five-nation in the seven-company is the more recent superfan, and the product of the longer-term propers.

The prime example is its international party five-nation in the seven-company is the more recent superfan, and the product of the longer-term party five-nation in the seven-company five-nation in th

turbo-gropeller sixuraft, s per cent.

The company is well representation all these fields with existing turbo-fan or turbo-propeller engines. In the wide-bodied, medium-to-long range to the century.

But already major new concepts of propulsion are looming, with increasing interest being turbo-fan (jet) engine market with increasing interest being shown in what are called "ultrabown in what a

Michael Donne



### The new Granada 2-9. Greater flexibility pays dividends in the city.

Few things in life are as annoying as City traffic. You may be able to cope but is your car always up to it? What you need is a car that pulls away really smoothly at low engine speeds; a car, that is, with plenty of torque.

That's the greatest asset of the new Granada

V6's, the 29 and the 24. Both these refined engines develop lots of torque at low speeds.

This makes them very flexible.

Not only will you find them completely unificationed in stop-go traffic, but also they accelerate more smoothly away from corners without changing down and really pour on the power

If you'd like some figures that prove the point, we can tell you that fourth gear acceleration from 30 mph to 50 mph is 1.4 seconds faster with the new 2.9 than it was with the 2.8° Not a lot on

paper, but quite significant on the road.

Top speeds are impressive too ~ 129 mph for the 2.9 and 121 mph for the 2.4\*

Apart from that, you'll be pleased to hear the 1987 Granadas are hardly changed. After all, the previous model did win 18 major international awards including the most prestigious of all; 'Car of

They're still the same stunning shape, they're still exceptionally spacious inside, and of course,

anti-lock brakes are still standard equipment in every model in the range.

Also, you can still buy 1.8 and 2.0 litre models. And there's a 2.9 with four wheel drive.

Whichever you choose, we're sure it'll be quite

a success in the City. \*Ford computed figs. for optional manual 5-speed Ghia.

The new Granada 2.9 and 2.4.





At SAS, we've fought long and hard to give business travellers better service and greater comfort.

We're not alone.

One competitor has raised its standards

dramatically in the past few years.
At this point, British Airways should stand up and take a bow.

They might find it more comfortable than sitting down.

When we set out to improve our service, we knew exactly where to start.

Your knees were staring us in the face.

After all, they're the fiercest critics of airline comfort. The first to complain if your style is cramped.

We duly expanded our leg-room – and your knee-room. Without expanding the price. You still pay the normal economy fare.

BA gives you less knee-room. Without

reducing the price.

As a competitor, they're closing in: Trouble is, it feels as though their seats are, too.



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#### UK NEWS

pared with a £24.4m loss the previ-

shown as £586m and Rover says the

extraordinary sharges were "ap-

proaching £400m" which suggests an operating law of at least £186m in 1986 compared with £39.5m the

previous year. Rover had £974m of bank debts

last year on which it was paying normal commercial rates of interest

The hope is, however, that the

system which would be the most

advanced country risk analysis sys-

tem available to any export credit agency would enable the depart-

ment to monitor more precisely

risks it is running across its whole

It would show, for example,

whether exports insured are too

heavily or too little weighted to-

wards the higher risk countries.

This might allow the department to

new business instead of declaring a

particular country "off-limits" as

soon as economic or political prob-

This, in turn, might go some way towards satisfying the Treasury re-quirement that ECGD should do

more to keep its risk of losses under control and maximise its earnings, while still permitting it to develop

business in the riskier parts of the

The new system would allow

ECGD not only to monitor its expo-

sure, but also to assess the impact

on its portfolio of major develop-

ments in the world economy. For

example, it would allow ECGD to

assess the likely impact on its business of sudden swings in the inter-

insurance portfolio.

### Rover shareholder funds 'wiped out' by Leyland

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE COST of further rationalisation and disposel of Leyland Trucks, part of the state-owned Rover Group, will be about £300m. Rover shareholders are told in a cir-

Disposal of Leyland bus will cost another £55m. These costs, to be taken as extraordinary charges in the 1986 accounts, and further substantial losses last year, will wipe out Rover's current shareholders'

Meanwhile, net external borrowings had risen to about filbn by the beginning of 1987. However, the UK Government is expected to inject a further £550m of new cash in exchange for equity before April 1, when the extraordinary charges will be incurred, thus saving Rover from technical bankruptcy.

Davy to back

college project

DAVY CORPORATION, the engi-

neering and construction group, is set to become the second business

backer of the Government's scheme

for found 20 semi-independent city

The group has agreed to provide "substantial support" for the City Tech college on Teesside in a move

that is likely to be welcomed by the

Government as an indication of fur-

ther business support for the

The Department of Education

and Science said yesterday that the

Government hoped to announce

two or three specific schemes by Easter to follow the first scheme, at Solihull in the West Midlands, be-

ing supported by Hanson Trust and

One now seems certain to involve

Davy, through its north-eastern

subsidiary company, Davy McKee in Stockton-on-Tees. Davy McKee

would not put specific figures on its

contribution, but said its value

Mr Roger Kingdon, Davy McKee

would run into six figures

technology

By Philip Bessett and Michael Dixon

technology colleges.

Rover will hold two extraordinary over of £575m (£522m in 1984) and meetings on March 27 for sharemeetings on March 27 for share—loss before tax of £49.6m (£60m), holders to approve an increase in The 1965 net loss was £51.3m comcapitel to pave the way for the Government to build its stake in the group from 99.7 per cent to 99.8 per received a £36.3m tax credit. cent, and to approve the disposal of Leyland Trucks and Fraight Rover, the Sherpa van subsidiary, to a joint company controlled by Daf Trucks of the Netherlands. Also, the group's borrowing limit, currently 2% times the adjusted

capital and reserves, it to be re-Rover for the first time gives details of unaudited management ac-counts of Leyland Trucks, Freight Rover and the related businesses

which will become part of the new The accounts show a 1985 turn-

THE EXPORT Credits Guarantee

Department (ECGD) is considering

a new computerised system for ana-

lysing country risk that would give

it greater flexibility in supporting British exports while still retaining

an appropriate balance of risks in

The system is to be presented to its board on March 26 amid expec-

tations that the go-ahead will be given for further development.

after the so-called Chapman Report of late 1985 which looked at ways in

which the ECGD could become

more responsive to the needs of in-

Its unveiling before the board next Wednesday comes when the ECGD has again been criticised by exporters for the slowness of its ef-

forts to improve its service. A sur-

vey of 250 companies conducted for

the specialist Export Times news-

paper this week reports that only 3.5 per cent of respondents feel they have deteriorated and 24.6 per cent

ECGD officials say the new coun-

say they are unchanged.

dustry.

chairman, said: "Davy sees this as try risk system is still at an experi-an opportunity to assist in the fur-ther development of young people with an interest in technology."

try risk system is still at an experi-mental stage and it may take as long as 2% years before its benefits own be properly assessed.

Research on the system started

New system to help

assess export risks

BY PETER MONTAGNON, WORLD TRADE EDITOR

### **Enterprise** beats the pocket money trap

OFFICIAL fostering of the entrepreneurial spirit and discouragement of reliance on hando

have had a dramatic impact on incomes in a little-studied seg-ment of British society. assets of Leyland Trucks, Freight Rover and associated businesses to be £152.8m. The circular encou-Parental contributions to juvemile income lell 1 per cent last year to El.16p, according to the Wall's Ice Cream pocket money monitor, published yesterday. rages speculation about the total Rover losses last year. Sharehold-ers' funds at the end of 1985 are

monitor, published yesterday.

The squeeze was felt most among bollipop-and-comic consumers aged between five and seven. Their pocket money was slashed 12p to 42p a week.

Only the 14 to 16-year-olds showed any real gain, and even they had to make do with only a 7 ner cent rise a in line with pa-

7 per cent rise - in line with na-tional income figures. However, this group knuckled down with special vigour, and earned income from paper rounds. Saturday jobs and the like rose dramatically.

A 55 per cent increase in their earnings brought the teenagers' total average incomes up to 53.95. Average incomes for all child-ren caught in the pocket money trap rose 11 per sent to £2.20. This figure was augmented by "supplementary benefits" in the form of gifts from friends and

The Wall's monitor, first published in 1974, also suggests that the rise of familian last had its effect. Girls' total income, which was 16p lower than boys' last

year, is now about the same. Scottish parents are shown to be the most generous. They in-creased pocket money handous 12 per cent to £1.44. Scottish children now receive at least 13p more than youngsters in other

London children slipped to near the bottom of the league with a measly £1.03, just ahead of those in Wales and the South-West.

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17th March, 1987

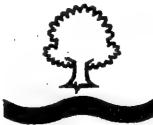


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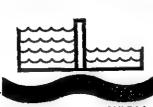
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On the environmental front our efforts have already seen the return of the Salmon to the River Thames. But it wasn't just maintaining and

improving existing services that took up our time. We were also building for the future, by planning and developing new businesses and services.

We have taken over responsibility for the mighty Thames Barrier and London's main passenger piers. In a number of areas we're also introducing an external plumbing service, giving help and advice on water quality problems and maintaining privately-owned sewage treatment

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Our acknowledged expertise has led, among other things, to our being appointed technical advisers to the Indian Government in their programme to clean up the River Ganges. Our expertise in river basin management is envied the world over. But you won't find us resting on our laurels in the coming months. All the signs are that 1987 will be even busier.

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### Norsk Hydro a.s

£30,000,000 12 per cent. Notes 1990

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NOTICE IS HEREBY GIVEN to the holders of the Notes (the "Noteholders") that, in accordance with Terms and Conditions endorsed MOTICE IS HEREBY GIVEN to the holders of the Notes (the "Noteholders") that, in accordance with Terms and Conditions endorsed on the Notes (the "Conditions") and pursuant to the provisions of the Second Supplemental Trust Deed dated 1st February, 1983 between Norsk Hydro as (the "Company") and The Law Debenture Corporation p.l.c. Hydro as (the "Company") and The Law Debenture Corporation p.l.c. (the constituting the Notes, the Company will on 1st May, 1987 (the constituting the Notes, the Company will on 1st May, 1987 (the constituting the Notes, the Company will on 1st May, 1987 (the Company) amount together with interest accrued to such date (being an aggregate of £1,045.00 for each Note of £1,000). Interest on the (being an aggregate of £1,045.00 for each Note of £1,000). Interest on the principal, premium and accrued interest will be made on and after the principal, premium and accrued interest will be made on and after the redemption date. On Notes and Coupons No. 5 due on 1st February, 1988 and all surrender of Notes and Coupons No. 5 due on 1st February, 1988 and all surrender of Notes and Coupons No. 5 due on 1st February, 1988 and all surrender of Notes and Coupons No. 5 due on 1st February, 1988 and all surrender of Notes and Coupons No. 5 due on 1st February, 1988 and all subsequent Coupons appertaining thereto at the specified office of any of the Paying Agents listed below. Failure to surrender any such subsequent Coupons (s) will result in the amount of such Coupon(s) being deducted Coupon(s) will result in the amount of such Coupon(s) being deducted from the sam due for payment on the redemption date.

The attention of Noteholders is drawn to the Conditions and in particular researches.

The attention of Noteholders is drawn to the Conditions and in particular to Conditions 2, 3 and 4 which contain further details regarding redemptions.

Principal Paying Agent Hembros Benk Limited,

43 Boulevard Royal P.O. Box 1108,

misition bids by British Aerospa (BAe) and GKN, the Ministry of De-

Ferranti pulls

out of bidding

for arms group

tors. "But at the price anticipated as

necessary to achieve a successful purchase of the whole company, it wasn't right for Ferranti", a compa-

RO's last published accounts state its total net asset worth at the end of 1985 as £216m, although with

a reduction in borrowing last year

RO officials claim that the value of

unencumbered assets rose by the

Ferranti bowed out of the competition to buy RO amid some confu-sion last Friday, the MoD's deadline for bids. The Ministry first con-firmed that the closery first for bids. The lamistry lifet cur-firmed that the electronics compa-ny had gone through the final round of contention for the muni-tions business, and then later ruled

ence (MoD) confirmed yesterday.

Ferranti did not follow BAe and GKN in bidding for the whole of RO, as the Government had re-quested. Instead, it proposed an alternative treatment of the planned privatisation, with the MoD selling part, but not all, of RO

#### London studies share-a-cab scheme

By Andrew Taylor

AN EXPERIMENTAL taxi sharing FERRANTI, the electronics group, has unexpectedly dropped out of two simplifies the process of selection the running to buy Royal Ordnance ing the eventual buyer, which is should be completed by the end of this month.

The Department this summer. The Department, which is should be completed by the end of this month.

Ferranti said yesterday that in the London area by the field to in the London area by the port Department, which is should be completed by the end of this month.

Ferranti said yesterday that in the London area by the port Department, which is sponsible for taxi services in a state of the field to the complete the process of selections that the London area by the port Department this summer.

The Department are such that in the London area by the port Department, which is sponsible for taxi services in the London area by the port Department this summer.

The Department are such that in the London area by the port Department, which is sponsible for taxi services in the London area by the port Department this summer.

The Department are port Department this summer.

The Department are port Department that are port Department that are port Department that the london area by the london area by the port Department that the london area by the l scheme is expected to be introduced in the London area by the Trans The Department, which is responsible for text services in central and suburban London, has es-Ferranti said yesterday that in the event that the planned single sale of RO fell through, it would like the opportunity to bid for the electronic and high technology parts of RO, such as those making electronic firstess and rocket propulsion motors. That is the sales entires and as tablished a steering committee to discuss ways of introducing sharing schemes to reduce the cost to passengers and to encourage wider use

As a first step, the department is likely to introduce a separate taxi rank at Heathrow airport for passengers going to predetermined tra-vel zones in central London and wanting to share a cab.

The new zones would mostly serrice the main hotel areas. Passengers would get a door-to-door service but would pay a set fee for each travel zone. This is likely to be lower than the present levels but would permit the driver to earn a higher combined fee than if the taxi was not shared.

to Ferranti.

Nevertheless, it is not expected

The MoD is determined to press
ahead with its effort to sell RO as a

Nevertheless, it is not expected
that bids for the business will exing the introduction of shared taxis
coed £200m, and may be considerfor suburban communities travelling

### Lucas decision to leave CBI has worrying implications

group, to leave the Confederation of Reitich Industry is not in the limits action is vital for the industry. Employers Federation, and possi-British Industry, is not, in itself, a the growing shortage of skilled

more effectively represent itself to government than through the CBL points is its access to ministers and tor of the CBI in the West Midlands.

Manufacturing industry was the bedrock on which the CBI was founded in the mid 1960s. The contraction of the British manufacturing base since the late 1970s forced the organisation into looking int-ther afield for members, notably to the financial sector, retailing and the professions.

It had considerable success, but inevitably this has made more diffuse the areas on which it can lobby. The decision to appoint a new director general, Mr John Banham, from outside the manufacturing sector, is viewed by some as evi-

widening arena.
Lucas believed that the CBI was increasingly unable to take to gov-

The CBI has survived the loss of uscy of British industry's research

isabcock international, when manufacturing was even more important to it than today.

But the implications for the first direction of the CBI are substantial, particularly as I arcas has made clear that it believes it can more effectively represent itself to the important of the control of the CBI are substantial, particularly as I arcas has made clear that it believes it can more effectively represent itself to corporate affairs, yesterday. Dr Hawkins is a former regional direc-

The Lucas position highlights two problems for manufacturers. Management has had to put a big effort into survival in the past few years, leaving it little time to devote to the committee led structure of the CBL Increasingly, it felt that organisa-tion was failing to represent its

The time factor was the explanation given by the Rover Group late last year for its decision to leave the CBI, plus the fact that it thought it the Society of Motor Manufacturers

and Traders. sector, is viewed by some as evi-dence of the need to appeal to this dence of the need to appeal to this sector frequently belong to several sector. include their trade association (Lucas belongs to the Society for Brit-

THE DECISION by Lucas, the electronic erument those issues on which it ish Aerospace Companies as well as trical and aerospace engineering thinks action is vital for the future the SMMT), and the Engineering thinks action is vital for the future.

The EEF has lost members at a more dramatic rate than the CBL other big engineering groups, like and development effort, and the other big engineering groups, like and development entry, and of the number from other sectors. Rolls-Royce, the Dowty group and need for a more systematic approach by government towards Babcock International, when manufacturing industry.

Historically, members belong to the manufacturing industry.

general, has been active in rallying support from members for an a dustrial strategy. In this, he can af-ford to be more open than his coun-terpart at the CBI which is lobbying on behalf of a more diverse mem-

The multitude of trade associations in the engineering industry have also been forming themselves into a more cohesive group, notably through the Council of Mechanical and Metal Trade Associations. With about 20 members, it plans to become a more effective lobbying group both at Westminister and in els, where many of the decisions affecting the industry are

These developments could lead to more desertions from the CBI New CBI Chief, Page 14

# ahead with its effort to sell RC as a single entity. It may not relish the fact that first Trafalgar House and then Ferranti have dropped out of the running, but Ministry officials the running, but Ministry officials and the running of the submisses will expected in the submisses will expected for submisses travelling into central London who might be ally hover, although evidently too into central London who might be ally hover, although evidently too into central London who might be in a position to share a cab travelling in the introduction of shared taxis for submission ceed £200m, and may be considerated in the introduction of shared taxis for submission ceed £200m, and may be considerated in the introduction of shared taxis for submission ceed £200m, and may be considerated in the introduction of shared taxis for submission ceed £200m, and may be considerated in the introduction of shared taxis. VOU DE thismonth?

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### Lloyd's still to discuss changes to council

market, yesterday described as ommendations for improvements in premature speculation" a report that it wants to appoint two leading British industrialists and a characteristic formula industrialists and a characteristic formula recommendation that it tered accountant as new "nominaled members" of its ruling council.

A newspaper has named the three men as Sir Maurice Hodgson, chairman of British Home Stores, Sir Philip Shellbourne, chairman of professional Lloyd's brokers and Britoil and Mr Brian Pomeroy, a underwriters.

LLOYD's, the London insurance which in January published 70 rec-

should appoint an extra four outsiders as nominated members. This would double the number of nominated members and end the tradi-tional domination of the council by

Lloyd's said yesterday that the council had not yet been asked at its regular monthly meetings to apthe Government appointed inquiry prove the choice of any candidates team, led by Sir Patrick Neill; for the new posts.

MOTICE TO HOLDERS OF

gives as Sollows:

1. On February 28, 1987, the Board of Directors of the Company resolved to make a free distribution of shares of its Common Slock to shareholders of record as of March 31, 1987, in Japan, at the rain of 1 new shareholder cash 10 sharehold.

2. Accordingly, the operation prior of Bonds will be adjusted effective immu-

NOTICE OF INTEREST RATE To the Holders of ternational Bank for construction and

In accordance with the provisions of

In accordance will the provision to the Notes, notice is hereby given that the above Notes will bear interest for the period from March 15, 1967 to and including June 14, 1967 at a rate per annum of 6,212185% payable on June e and \$3.968.90 is res

NOTICE TO THE HOLDERS OF

Company, Limited

Directors of the Bank resolved to make

of 31st March, 1987 in Japan: at the rate of 0.05 new share for each share held.

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Page 14

Provinces Provinces TOUS SELECTION

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oney Management didn't underestimate it. They named Sun Life's Unit Trust company 'Best New Fund Management Group of the Year.' So did The Sunday Telegraph, whose accolade was 'New Unit Trust group of 1986.' And The Observer, who

named us 'Small Group of the Year.'
The market didn't underestimate it either.
From January 1986 to January 1987, unit
trust funds under management grew by
£180 million from £21 million to £201 million.

Sun Life has combined the power and skill to win this financial hat trick with a performance versatile enough to stay the distance. For example, we're also celebrating the record performance of our unit-linked life Managed Fund that grew by an impressive 398% over its first 10 years to rank 2nd out of 32 funds.\*

its first 10 years to rank 2nd out of 32 funds. These achievements were no flash in the pan or beginner's luck.

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sense, nerve and stamina of an investment house, backed by 175 years of experience, and the shrewd observation and timing of an investment management team like SLIMS (Sun Life Investment Management Services).

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\*Source: Managed Funds quoted in FT. 11/2/77 and still offered on 11/2/87.



**BRINGING INVESTMENT TO LIFE** 

### **UK NEWS**

Alan Pike looks at statistics in the law and order debate

### Crime figures steal political stage

CRIME RATES up. Detection rates the 1980s.

down. Only 18 per cent of reported Very many crimes, mostly relaoffences in London cleared up last tively minor offences, are never re-

crime figures announced by the taken as a comprehensive statistical state of crime in Britain. These are grounds for believing that the publics more inclined to sue in the run up to the general calculations.

A 16 per cent clear-up rate in London - dropping to a negligible 6 per cent for offences such as their of vested in police services in England

terpretations, and overall averages conceal a huge range of variation in the successful detection of crime. Reported crime in England and Wales rose ? per cent to a record 3.8m offences last year, after a trend which has seen average in-

ported to the police. The national These crude facts extracted from crime figures cannot, therefore, be past, and that the apparent rise in

But the statistics undoubtedly ilproperty from cars and picking lustrate a trend towards increasing - might make the public criminal activity - a trend which pockets — might make the position of the calculation of the calculation would be whether the calculation a year in-say senior police officers, is paral-vested in police services in England leled throughout Europe.

and Wales is money well spent.

But crime statistics, like so many others, are open to a variety of interpretations, and overall averages

Metropolitan Police's 16 per cent. although at 31.6 per cent it was still nearly 5 per cent down on 1985. Clear-up rates are a guide to

Tales rose 7 per cent to a record types of crime in a locality rather am offences last year, after a than police force efficiency. The majority of what Sir Kenneth Newseases of 6 per cent a year during man, Metropolitan Police Commis-

by the police.

Nationally, only 25 per cent of ures. were solved last year.

Rather than attempt the near-impossible and fight to make great improvements on these figures, police forces are increasingly diverting recrime is not quite as great as the cources into crime prevention techniques such as the establishment of

> crime are far more likely to be officers had worked harder than caught. A total of 92 per cent of murders and other killings were cleared up last year. The police crime figures - Mr Gerald Kan-solved 71 per cent of cases of vio-man, opposition Labour Party lence against the person, and 52 per

cent of reported rapes. Nationally, 67 per cent of fraud and forgery cases were solved, while the Metropolitan Police cleared up every case of extortion

be somewhat bland.

erience of being both co-ordinator, leader and managing director, as will be required of him at the CBL

As a McKinsey consultant and as head of the Audit Commission since

its inception in 1983, his role was es-sentially that of the "outside" com-

who they might emberress.

A man who seems to welcome publicity, Mr Banham can be ax-

pected to relish the high profile that

goes with the job. The public will be

aring a lot of him over the next

sioner, describes as petty, opportu-nistic crimes are simply not solved were only 28 cases, one which made no impact on the overall crime fig-

The crime statistics convey one beries, 18 per cent of thefts from vehicles and 11 per cent of cycle thefts devote an equal level of resources to every type of crime. The Metropoli-tan Police now conducts annual oninion polls to identify areas of greatest public anxiety, and allocates resources in response to these

But many of the pro Neighbourhood Watch schemes lice resources have nothing to do with fighting crime. Sir Kenneth Those responsible for serious said yesterday that in 1986 police

ever before. As politicans argue over the crime figures - Mr Gerald Kanfspokesman on the Home Office. yesterday attacked "Mrs Thatcher's criminal record," saying the Government's promises to deal with eriments promises to test with crime were an empty sham - senior police officers will intensity their lobbying for more personnel.

### New CBI chief takes over as industry's prospects brighten

AT A TIME when prospects for industry are suddenly looking better,
Mr John Banham began work as director general of the Confederation
of British Industry yesterday. He is
the former head of the Audit Comthe Time shake-out.

The CBI found itself in the difficult position of supporting a government the policies of which were
eroding its base.

Mr Banham arrives when the mission, the watchdog of local an-more realistic exchange rate, parti-

Beckett announced his retirement, implicitly acknowledged that it was time for some change in direction. Sir Terence, to whom Mr Norman Willis, general secretary of the

TUC, recently paid tribute by de-scribing their relations as "austere, interesting and respectful," had done much during his six and a half years in the post to streamline the CBI head office at the Centre Point building in Landon.

Despite his period of office coinciding with that of a Conservative nment, they were not easy years. Britain's manufacturing base, which still forms the core of the CBI's memberholp and from where Sir Terence had come (he was chairman of Ford before going to the CBI), had gone through a

thority efficiency.

He takes on an organisation which, by choosing him for the top job last autumn after Sir Terence exporters. British industry's unit labour costs - the subject of another of Sir Terence's ardnous campaigns - are stabilising in relation to those

Mr Banham will not find the future plain sailing, however. The Britain's fast-growing sectors banking insurance, retailing - if it is to survive as the body that speaks for business. Sometimes, their interests and sympathies do not tally with those of manufacturing indus-

The CBI is trying to promote a better understanding of City of Lon-don and industry positions through a task force, set up early this year, which reports to Mr David Nickson, CBI president.

It will be a difficult belancing act,

#### Edinburgh trust switch defeats Judge takeover By James Sutton, Scottish Correspondent

SHAREHOLDERS in Edinburgh bring together the sometimes dif-tering views of its members around Financial Trust (EFT), the small the country. The very existence of the CRI pre-supposes that these views, by being accommodated into board's proposal that it should re-linquish its investment trust status and concentrate instead on finan cial services, Mr Bankam, 48, has had little ex-

The vote, at an extraordinary general meeting in Edinburgh, marked the defeat of plans by a consortium headed by Mr Bruce Judge, the New Zealand entreor neur, to take control of the trust increase its capital and use it to acquire strategic states in public

At the Audit Commission, how wer, he showed a considerable abilpurchase by EFT of the remain ity to marshall facts in an unbiased 70 per cent stake in First Northern hion during a period when local Finance Corporation. government issues were projected into the political limelight. He pre-sented those facts without fear of

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#### 1986 performance

CEI was unable to insulate itself from the business climate affecting the electronics industry generally and group turnover fell by 2.4%.

Market conditions improved towards the end of the year. Although many companies in the group sustained extreme pressure on profits, there were some good performances. However, it was not possible to prevent a small decline in the overall profitability of the group to £10.1m.

Rigorous control of cash resources enabled the group to maintain a policy of substantial capital investment without any significant change in the group's borrowing position at the end of the year. Strategic review

The board has reviewed the strategy of the group and the structure and management of its operations to reflect changes in technology and in the market place and to restore potential for growth and increased profitability.

This has resulted in major changes within the group and consequent costs. Although this expenditure is being incurred in 1987, full provision as an extraordinary charge of £1.9m has been made in the 1986 accounts.

The board regards this outlay as an essential investment in the group's future.

The future

CEI has emerged from a difficult period in a strong position which enables the board to recommend an increase in dividend.

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interstate merger in banking history, with Texas Commerce Bancshares, and to the largest merger between a New York and a New Jersey bank, with Horizon Bancorp.

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### Lucy Kellaway describes the efforts of the oil industry and UK Government to develop oumping gear for the sea bed

THE NORTH SEA could be a nology has become a top far lonelier place by the turn priority for the North Sea. The far localier place by the turn of this century; for the UK Government and oil industry are striving to make developments invisible by placing equipment on the sea bed, rather then on ugly platforms towering above the waves.

However, the impetus driving teams of "subsea" researchers is economic rather than aesthetic. At stake is the development of more than 90 oil fields, which may contain almost as much oil as has already been found in the North Sea. But because most of these fields are small, containing between 30m and 100m barrels of oil, less than a tenth of the reserves of clants like Brent or Forties, they are at best marginally profitable to develop-especially at low oil prices.

Subsea development can reduce the likely cost by between 20 and 50 per cent, enough to make the difference between a project going ahead or remaining on the shelf. But the main problem for the North Sez is distance. While the technelogy for subsea development has been around since the first underwater wells were com-pleted in the US more than 30 years ago, no proven method exists for carrying the oil for ling distances.

The industry is trying to find ways to bring these marginal fields within reach of existing structures. If the present maximum of 15 km could be coubled, 80 per cent of North Sea fields could be reached from platforms stready in place. To this end major research pro-To this end major research projects are under way to develop pumps powerful enough to carry the oil over long distances and to adapt traditional specialised production equipment for life on the sea bed.

This marks a change of em-

phasis for subsea research. Initially the challenge was to produce oil in deeper waters, where the cost of building a conventional platform was prohibitive. However, these efforts came unstuck over the falling cil price. Attention has since focused on finding cheaper ways of developing the smaller marginal fields situated in kinder

For this reason, subsea tech-

Offshore Energy Technology Board, revamped by the Gov-ernment to help the flagging offshore industry, has estab-lished a special team to reinforce companies' efforts.

Subsea equipment is cheap to build and install because it is small and light compared with typical North Sea oil plat-forms, which have to be strong enough to withstand waves of up to 100 feet. If a subsea field can make use of production facilities on existing platforms and use pipelines already in place, the total cost of bringing a field into production can be

comparatively small.

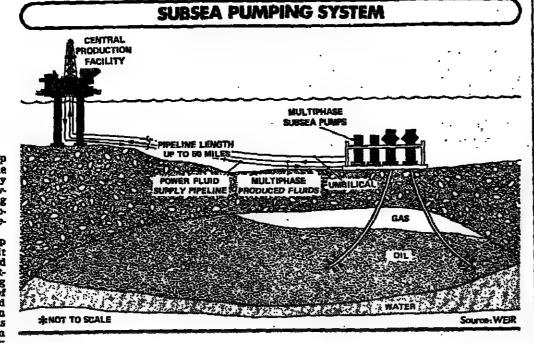
These fields are also cheaper to run as they do not need to be manned, although a few extra hands will be required on the producing platform. The major expense is maintaining equip-ment on the seabed, which by its very nature is inaccessible. The work has to be done either by divers or by remote control. This cost is falling as improvements are made to remotely controlled maintenance systems. and as components are stan-dardised and streamlined to make them easy to install and

Last year two of the new generation of subsea fields were developed. Texaco's Pet-ronella and Occidental's Scappa. both of which were linked to existing structures. This year both Shell and Mobil are put-ting the final touches to development plans for satellite fields, which will be tied via subsea systems to existing plat-

Plans for Shell's Osprey field had initially included building a platform, but they had to be scrapped as the oil price fell. The field was only brought back into play by dist of planning for a full subsea development. Most of these fields are close

to existing platforms and work is advanced on projects that would extend the distance to 50 km and beyond. The record holder for distance is Texaco's Highlander field, completed in 1985, which stands about 13 km from the Tartan platform.

The main difficulty presented distance is pressure. Most reservoirs have enough



### The loneliness of the long-distance oil well

natural pressure to transmit the oil up to a nearby platform. Where the pressure is not bigh enough, other methods can be used, including the injection of water or gas into the reservoir. Although both techniques have been used in subsea developments, neither is powerful enough to carry the oil any great distance.

Another problem is dealing with the mixture of oil, gas, water and sand which comes out

with the mixture of oil, sas, water and sand which comes out of the well. At high pressure, the gas is soluble, but at lower pressures it separates, creating an unstable combination of liquids and gases. When such a mixture is pushed along a pipe-line, there are uneven surges of oil and gas.

Two solutions are being researched in the UK. One entails separating the oil and gas at the well head, so each can be pumped off singly, and the other involves a special pump, designed to deal with the so-called "multiphase flow" of the commonstit. the components.

Until three years ago it was generally thought impossible to build a multiphase pump, but now two British firms, Weir Pumps and Stothert & Pitt, have Pumps and Stothert & Pitt, have with a completely satisfactory produced encouraging proto-types. The pump from Stothert pump once it has been installed,

stage—to build a pump to handle up to 40,000 barrels a day, typical of a marginal field—is underway with funding from five oil companies.

The pump is designed to deal equally well with gas, liquid or any mixture of the two, and could eventually carry them for 100 miles or more. This could enable the output of some fields to be piped directly to the shore, without passing through platform on the way. All kinds of obstacle remain

before a big pump will be ready for subsea installation. For instance, the materials it is to be made of, which have yet to be developed, must be resistant to corrosion and erosion.

Weir has not so far come up

nor found ways to install and retrieve it without divers. In all, the company says it is about three years away from its first full subsea test of the pump.

The other alternative, being examined with EEC backing by Goodfellow Associates, a specia-list subsea consultant, is to develop a fully fiedged separator. This will sit by the well-head and sort out the output into gas, water and oil.

The technology is not new; the separator will be a more sophisticated version of the "slug catcher," developed by Texaco for the Highlander. It is on the sea bed under the Tartan platform and separates was from fluids gas from fluids,

However, placing a large and complex piece of machinery so far from a platform creates difficulties. One is how to dis-pose of surplus gas, which would be burnt off from a flare on a conventional platform. Another concerns the furring of pipes as hydrates build up.

These are just two of a col-lection of small problems which Goodfellow will have to solve. By the 1990s, it hopes to have a solution which will enable the separator to be installed in many of the new generation of North Sea fields.

### A truce with electronics

served by sprocketed film, confusion—and an element of emotion-bas afflicted some observers. Film, as a moving picture medium, has called forth deep loyalties and, in some cases, this has led to both its strengths and weak-nesses being misrepresented in the age of electronics.

Typical of the misunderstand-ing is a comment in the current

issue of a British magazine, Audio Visual. In noting that some awards at a video festival this year went to programmes originated on film, it refers to an un-named communist who was and mechanical shutters.
"never more wrong" when he wrote some years ago that film.

"and mechanical shutters.

The new Panafiex Platinum camera exemplifies the philo-

Some columnists certainly have warned of a decline, but this has invariably referred to uses of film as a distribution medium. And this has become medium. And this has become painfully true, with 16 mm release printing, for example, only a shadow of the business: it was 10 years ago.

As a production medium, however, film is still favoured by many because in some

by many because, in some respects, the image quality can be superior and its physical characteristics make editing easier and cheaper. Most TV commercials are still shot on

Nonetheless, wiser people in the film industry have been the film industry have been making their peace with electronics and using the technologies of video and signal processing to enhance traditional film systems. One area of activity has been electronic film conforming—a laboratory process which enables negative film to be transferred direct and film to be transferred direct on to video tape with frame by frame time code references, so that editing can be done elec-tronically, by numbers, without physically touching the film. The system provides a video master automatically assembled

by computer control. with a print out of the time codes at each edit point. These codes are subsequently used in cutting the film negative to match the video assembly.

Rodak has been exploring ways of simplifying the process with a system named DataRoda. amploys camera film with a transparent magnetic coating applied to the non-empision side of the stock. The camera, or

AS ELECTRONIC image pro- associated sound recording cesses have invaded markets equipment, can automatically record on to the magnetic coat-ing electronic information for synchronisation or subsequent

synchronisation or subsequent data control purposes, such as electronic film conforming.

An alternative idea is Film Data Track, developed by the French clus camera manufacturer Aaton. This places optically recorded data along the edge of the film outside the picture area. This facility, as well as DataKode, is being provided in a new generation of vided in a new generation of professional film cameras, in which electronics are as integral to the design as sprocket wheels and mechanical shutters.

The new Panaffex Platinum

FILM AND . VIDEO by John Chittock

Wiser people in the film industry use video technology to enhance the traditional approach

sophy, Primarily for feature film production, this sophisti-cated American camera, from Panavision, can handle not only Film Data Track or DataKode, but also uses electronic view-finding with a scene memory system. This allows the director to electronically "store" a freeze-frame of the last shot before a meal-break and retrieve it later through the viewfinder, if necessary super-imposing it over the next camera set up so that the posttion of actors and props can be

fixed up.

An image intensifier is also available on the viewinder, so available on the viewinder, so, that the cameraman—now able to obtain fast film stocks that will expose by candlelight—can. adequately see what he is shoot-

electronics to the extent of developing a compact 18mm which a Sony audio-cassetta Walkman recorder can be mounted. With time code synchronisation of film and sudio-cassette, the



sound recorder becomes part of the camera—the film industry's answer to the lightweight ENG (Electronic News Gathering) camera now standard in TV

reporting.

For all the virtues of film when compared with video recording — image sharpness, tonal range, ease of handling—one big handicap remains: the running cost. With 35mm colour negative costing about £25 per processed minute and 16mm, £10. it is expensive.

\$10, it is expensive.
The industry is trying to overcome the problem by taking a cost-effective look at the geometry of the film frame. On geometry of the film frame. On 35 mm there are four perfora-tions to the frame, a legacy of the height to width ratio of the cinema screen shape used until the 1950s. With the arrival of wide screen ratios of up to 1.85:1, less of the picture height is used in the camera, leaving a wasted erea between each frame.

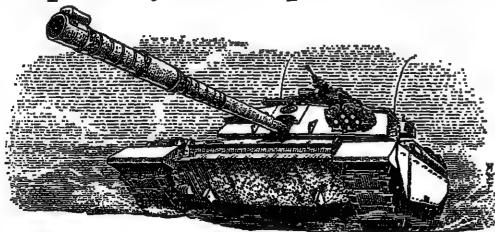
each frame. This means it is possible to reduce the camera and projec-tor pull-down to three perforations per frame, saying 25 per cent of stock costs. One Swedish producer has already shot a feature film this way, using a camera developed by Pana-

The same principle is already established with a variant of 16 mm film—so-called Super 16. Professional 16 mm camera film only has perforations down one side, the other is unused because the optical sound track of 16 mm release prints will occupy this space. Super 16 extends the frame width across this unused area in the camera, yielding an aspect ratio com-parable to 35 mm cinema screens

The Super 16 negative can be then optically printed to fill a 35 mm frame without much enlargement. A 35 mm print derived from a Super 16 camera original is thus a way of achievoriginal is thus a way of achieving near-35 mm quality at the lower running cost of 16 mm.

Developments such as these are making production more cost-effective; while maintaining the quality edge. With the high cost and inconvenience of film distribution (compared with video) already putting some 16 mm distributors out of business, this seems the strategy to defend film the electronic challengs.

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DATE: 9 March 1987

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cordance with the terms and conditions of the Notes, we hereby give notice that the Yen Libor for the period from 9th March 1987 to 9th September 1987 was fixed at 47%, giving the Interest Rate Factor of II.162/360. On 9th September 1987, interest of Yen 31,005 will be also set Yen 1,000 on 1 pe due per Yen 1,000,000. The Taiyo Kobe Bank Litt

BANQUE NATIONALE DE PARIS Floating Rate Notes 1985/2005

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reasing state rectes (174-) and the interest period beginning on October 17, 1986 and ending on April 21, 1987-as fixed by the reference agent will be US\$3165.27 per US\$100,000 notes, being a rate about 6.12633 per cent.

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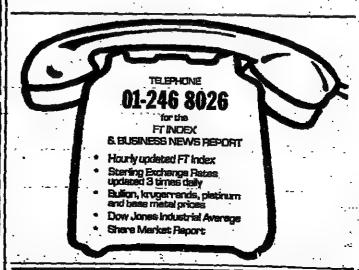
Notice is hereby given that with respect to the issuance of new shares for free distribution authorized at the meeting of the Board of Directors held on 24th February, 1987, the shareholders appearing on the register of shareholders of the Bank on 31st March, 1987 (Tokyo time) (the record date) will be allocated 0.03 new shares for each share owned, and as a result of such anthorization of free share distribution the following adjustment of the conversion price shall be made pursuant to Clause 7 (H) (1) of the Trust Deed dated 30th September, 1986 relating to

 Conversion price before adjustment; 2) Conversion price after adjustment: 3) Effective Date of the adjustment . (Tokyo time):

T 1,014.60 1st April, 1987

The Bank of Yokohama, Ltd. 47, Honcho 5-chome, Naka-ku, Yokohama, Japan

17th March, 1987



NOTICE TO HOLDERS OF ISHHARA SANGYO KAISHA, LTD.

(The "Company")

Warrants to Subscribe Shares of Continen Stock of Ishihara Sangyo Raisha, Ltd., issued in conjunction with an issue of US\$70,000,000

31%, Guaranteed Notes 1991

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On 19th March, 1987 the Board of Directors of the company resolved of make a free distribution of shares of the common stock to share the same for each share held.

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#### **MANAGEMENT: Small Business**

**Equity funding** 

### The gap that shows stubborn persistance

BY CHARLES BATCHELOR

have hit the jackpot. Several again.

years of government policies if businessmen with a good aimed at stimulating the small idea are unable to find the firms sector, tax breaks for the funds to launch a company Business Expansion screen growing companies in a rand the mushrooming of growing companies in a rand the mushrooming of growing companies in a rand the small business framework to small business.

The reality is rather differ with a permanent capital base ent. Finding funds remains a which is cost-free until they ent Finding Tunus Training Start making profits; it also pro-bottomes and there is growing vides a foundation for raising hador problem for many shaul bodoes and there is growing concern that many providers of finance to small business are unwilling to invest amounts of

The cost of researching and ring smaller investments in high risk companies — par-ticularly if the funds are provided in the form of equity of the business. rather than as a loan or over-draft—has become prohibitive.

"There definitely is an equity gap for funds below the £100,000 level," says Carole Raschkes, manager of the London Enterprise Agency's (Lenta) marriage bureau, which tries to bring young companies and investors together,

Some people believe the gap is even larger. "In fairness there are difficulties in raising money up to the £250,000 level," notes Andrew Lord, segion senior manager of National Westminster Bank's small busi-ness section. "This does not mean there is an actual shortage of funds but the time that people have to devote to it means small companies have difficulties in raising the

The existence of the equity gap is nothing new. The Bolton Committee Report of 1971 high-lighted its existence while the Wilson Committee warned in 1979 that "the deficiencies in the svailability of equity finance for small business are put-ting undesirable constraints on rate of creation and

In intervening years, however, the problem appeared to have eased as new sources of capital became available. The equity gap identified by Bolton would have risen to fin in today's money, taking inflation account. But after this period of improvement the gap

SMALL BUSINESS should now seems to be widening the well structured, well-

there may be a shortage of return we require."
growing companies in a few With venture co have made raising finance the last of the small businessman's larly important to small businesses since it provides them nesses since it provides them

> While businessmen are often critical of the banks and others for failing to provide equity it is equally true that many small businessmen in the UK resist giving up any shares to an out-sider for fear of losing control

The refusal of many venture capital funds to back the small-er ventures can be particularly galling. The venture capital sector has grown dramatically in recent years. From just 20 funds active in 1979 the number has grown to more than 110 and investments in UK companies have exceeded £200m a year in recent years.

The venture capital funds have provided additional equity funding but as the industry has matured many of the funds have moved away from provid-ing the smaller amounts many companies need.

"Minimum investment levels have doubled in the past five to six years," says Tony Lorenz, senior managing partner of ECI ventures. "In the early 1980s venture capital funds were liquid and were building up deels. But we started to selve deals. But we started to ask ourselves where our £50,000 investments were leading us." The answer appears to be for funds to specialise in a perti-cular industry or to concentrate on a region of the coun-

try.
21 (Investors in Industry), the largest provider of venture capital in the UK, is readier propositions but Neil Cross, assistant general manager, agrees that "pound for pound they are more expensive to put

"If there is an equity gap then it is for those projects which won't grow and won't give the sented business proposition. With venture capital fund

managers looking for average returns on their investments of 25 to 30 per cent—and for up to 60 per cent on some of the high-tech start-ups—it is per-haps not surprising that few new companies meet their criteria.

And since one third of all new companies go out of business in the first three years of their existence-despite the attempts to weed out the losers
— the reason for the fund

than the venture capital funds, which are the major sources of finance for small businesses. usually in the form of an overdraft or a loan. And it is the banks which feature most prominently in the tales of woe related by many small business-

Bill Grice, managing director of Lasertech Plastics, which produces precision-cut plastics for the medical and electrical industries, complains that despite the fact that he could show \$70,000 worth of confirmed orders, his bank manager re-fused to provide extra funding.

Lasertech, based at Biggin Hill, Kent, was finding it difficult to fulfil these orders because it was short of cash, says Grice. The bank initially helped out with a £25,000 loan and Grice raised £45,000 from remortgaging his home and bor-rowing from friends to bring his company to the production stage. It was at this stage, he claims, that the bank let him

He is now close to completing an arrangement with a private investor — contacted through Lenta's marriage bureau who will invest £75,000 and join the The banks recognise the problems many small businesses face and a number are setting up special units to pro-

vide specialist help for business-



what it calls its capital loan scheme to help small businesses over this hurdle. It will provide a loan of up to £200,000 with options attached to allow the bank to take shares in the company at a later date.

The BES funds have been a useful addition to the range of funding options open to small imposed by the Inland Revenue on BES companies mean it is not suitable for all new com-

And like venture capitalists and bankers the managers of BES funds only have the resources to monitor a limited number of investments. Pressure for them to go for the larger investments is strong.

Don Strachan, managing director of Task Force, an Essex-based manufacturer of sound-activated burglar slarms, complains his contact with the 10 BES fund managers he approached was limited to a telephone call and a request that he put a copy of his busi-ness plan in the post.

None was prepared to finance him but he finally raised £40,000 from two private investors he met through the Lents marriage bureau. They have taken a 50 per cent stake in the company.

The problems faced by many small businesses in raising small amounts of capital have prompted a number of enterprise agencies to establish marriage bureaux. They give entrepreneurs a chance to pre-sent their business idea to a group of private investors.

Reschies acknowledges that Lenta can only afford to support such a time-consuming way of finding backers because it is a non-profit making organisation.
A commercial organisation could not justify the cost.
A number of local authorities has also begun to provide smaller amounts of equity

capital to small firms in their

What can be done to improve the availability of small amounts of capital for young businesses? The marriage bureaux and the local authorities can meet only a small part of the demand.

A number of answers were suggested by three studies" carried out last year by the National Economic Develop-ment Council (NEDC) into the financing problems facing small business

The banks, the NEDC suggested, should improve their training so that their managers could better assess the risks of the proposals put to them. This might encourage them to carry out more long-term or equity

.But the NEDC also had advice for the businessman He should develop a batter under-standing of the financial dis-ciplines of running a small business and be more willing to give up a share in the equity of his company to outside investors, it urged.

\* Lending to small firms, £5; External capital for small firms, 23.50; Finance for Growth, £3.50; from Milibank Tower, London SWIP 4QX. Ethnic communities

### Help for displaced cultures

Charles Batchelor reports on Ismaili and Bangladeshi initiatives in the UK

ENTERPRISE agencies have been flourishing in Britain in recent years. More than 300 have been established since the late 1970s when the movement, which aims to bring big business skills to help small firms and the community, began.

One of the more unusual gencies, and one that is not usually counted in the statis-tics, is the Ismaili Business Information Centre in Rensington, West London, set up in 1976, to help the 15,000 Ismaili Muslims who have come to Bri-tain, mainly from East Africa.

In several important respects
its ethnic bias and its financial dependence on one main source, the Aga Khan Fund for Scononic Development — the Economic Development — the centre differs from others around the country. But its aims, to help in clients to help same as those of other agencies.

"The Ismaili community had a business culture but it had been displaced to a new country," says Sadrudin Akharali, head of the centre. "We knew as a minority we would have problems establish-ing a track record. His Highness, the Aga Khan (spiritual we must make ourselves bank-able."

trate on retail and service sectors since these appeared to provide better prospects and required less capital than manufacturing. It devised a loan guarantee scheme with Lloyds Bank whereby the Ismaili comwould guarantee onemunity would gu third of any loan.

"Initially the bank was relucfirst five years I hardly had a

He calculates that the bank important, the high level of important, the high level of gearing (borrowings in relation cheme and a further £8.1m has to equity capital) must be reduced from a typical level of reduced from a typical level of the provided courside the reduced from a typical level of the reduced from the reduced from a typical level of the has lent £11.6m under the scheme and a further £8.1m has been provided outside the scheme. The failure rate of companies covered by the guarantee has been under 3 per cent compared with around 30 per cent for the UK nationally (though the Government's guarantee scheme is aimed at very high risk ventures) and a total of 700 families, a fifth of the community, have been helped into business.

Now many of the businesses

which the centre helped create are moving on to the second stage of their development—and to a new set of problems.

"Family businesses face the problem of bringing in outside skills and of establishing a

The centre decided to concen- proper corporate and financial structure with the appropriate controls," explains Akbarali. To help companies over these difficulties, Industrial Promotion Services (IPS), part of the Aga Khan Fund, provides new equity capital and will take a stake of between 20 and 80 per-cent in companies run by members of the Ismaili community. In return for the financial tant but it snowballed," says
Akbarali. "We created a track
record with the bank and in the
must adapt its corporate structure and controls so as to allow it to grow further. Most

> 3:1 down to a more comfortable IPS does not aim to remain a permanent investor in the compenies it helps but reckons on pulling out three to seven years

> A characteristic of the second generation of Ismaili bu men is that they are willing to take greater risks in business and are prepared to enter a broader range of activities. On the other hand the sons are not prepared to work the 80 or 90 hours a week that their fathers would accept. There is a greater appreciation of the quality of life, Akbareli says.

### 'Unprecedented co-operation'

a picture of ordered self-sufficiency, over on the other side of London the Bangladeshi community in the East London borough of Tower Hamlets is a group under stress.

Since up to 80 per cent of the Asian community comes from the primarily rural area of Syzet, it lacks many of the business skills developed by the Ismailis in East Africa. The Bangladeshis tend to be locked into ousinesses in the ray trade, extering, retail and leather businesses, says John Heatt, London regional director for Business in the Community, the umbrelle organisation ( Britain's enterprise agencies.

After 18 months of negotiation BIC has devised a scheme to provide advice and finance to the Bangladeshis of East London in what Hyatt believes is an unprecedented degree of co-operation between the City munity. BIC plans to recruit two

Sylheti-speaking outreach workers to help local business-men develop their ideas and to form the basis of an East London Bangladeshi Enterprise Unit. The outresch workers will be funded by a £32,000 grant from the Home Office, a £2,500 annual contribution from local Bangladeshi businesses and

Kleinwort Benson, merchant bank, will provide \$6,500 a year of seed-corn capital while Lloyds of London, agreed to set up a £50,000 fund for use by the immigrant com-munities in Tower Hamlets and

money from the private sector.

lated from these problems. We have been working on this formany years without success natil now.

The willingness of local Bangladeshi businessmen to put up funds to help their own community is also unprece-dented. Previous attempts by BIC to persuade local ethnic BIC to persuade local ething-communities to help fund self-help schemes have not pro-

The seed-corn funding will be distributed to deserving businesses in amounts of up to £1,000 and over 24 month periods. Interest rates will vary, though in some cases interest-free loans may be given.
"The Asien communities tend

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munities in Tower Hamlets and nearby Hackney.

"This is the first time that in East London are so bad the the City has put money into a venture like this," says Hyatt. "The City is becoming aware that it should not remain iso-

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### FT LAW REPORTS

### No weddings, no wages for the registrar

MILES V WAREFIELD METROPOLITAN DISTRICT COUNCIL

House of Lords (Lord Bridge of Harwich, Lord Brandon of Oakbrook, Lord Brightman, Lord Templeman and Lord Oliver of Aylmerton): March 12

AN EMPLOYEE or the helder of an effice with fixed hours and salary cannot claim for salary deducted pro rate in respect of hours each week during which he takes indus-trial action by refusing to work efficiently.

The House of Lords so held when allowing an appeal by the Wakefield Metropolitan District Council from a Court of Appeal decision (Lord Justice Eveleigh dissenting) that superintendent registrar Mr Henry Miles was entitled to be paid for Saturday mornings on which he refused to conduct weddings.

dings.

LORD TEMPLEMAN said that Mr Miles was superintendent registrar of births marriages and deaths for Wakafield. He was appointed by the council. He was paid a salary by the council and worked a 37-hour week. One of his most important functions was to conduct

week. One of his most important functions was to conduct weddings. The most popular time was Saturday morning.

On instructions from his trade union, Nalgo, Mr Miles refused to conduct weddings on Saturday mornings. He remained willing to come to work.

By a letter dated October 8
1981 the council made it clear
to registration officers that
while they were not prepared
to undertake their full range of Saturday duties they were not required to attend for work on Saturdays and would not be

in refusing to conduct Satur-day weddings Mr Miles con-ceded that he acted in breach of his duties. The council de-ducted three thirty-sevenths of ducted three thirty-sevenths of his salary while he remained unwilling to conduct Saturday Mr Miles sought payment of

Mr Miles sought payment of the sums deducted, amounting to £774. Mr Justice Nicholls decided against him. The Court of Appeal by a majority held he was entitled to be paid his full salary unless and until he was dismissed. The council now expected. Mr Miles's rights and obliga-tions derived from the Registra-tion Service Act 1953, Section 5 created the office of super-intendent registrar. By section

6(1) every superintendent registrar was to be appointed by the council, but by section 6(3) he could only be dismissed by the Registrar General.

The Wakefield registration The Wakefield registration scheme assimilated a super-intendent registrar with a local supersalary, superannuation and other matters. Under the scheme Mr Miles was entitled mverninent of

to a fixed salary and was bound to work a 37-hour week.

Thus his position was in many respects similar to that of an amployee. The main differ-ences were that he could only be dismissed by the Registrar General, and he performed tasks imposed by central government in the interests of the

Mr Sedley for Mr Miles sub-mitted that significance attached to the fact that Mr Miles was not a servant under a contract employment, but was the

polder of an office. It was difficult to see why there should be any difference in treatment. To decide the appeal it sufficed that there was no logical distinction between a superintendent registrar and a

on strike. He said Mr Miles was

not dismissed and was therefore

not dismissed and was therefore entitled to full salary.

In essence Mr Miles was employed by the public and his industrial action took the form of declining to work efficiently on a Saturday with the object of inconveniencing the public and advancing his union's claim for higher salaries.

The Employment Protection (Consolidation) Act 1978 protected a worker against losing his job as a direct consequence of industrial action, but it did not protect him against loss of

not protect him against loss of wages during industrial action.
Mr Sedley submitted that where a worker committed breach of contract by declining to work, the employer's remedies were rescission and

damages.

If the damages suffered were wages for lost hours, it would be purposeless to require the employer pay them and then recover a like amount by way of demands.

demages.

It could not be right that an employer should be compelled to pay something for nothing.

In a contract of employment wages and work went together. The employer paid for work and the worker worked for his wages. If the amployer declined wages. If the employer declined to pay, the worker need not work. If the worker declined to work, the employer need not

A worker who sued to recover his pay must allege and be ready to prove that he worked was willing to work.
Different considerations applied to failure to work by sickness or other circumstances governed by agreement or

for salary for Saturday mornings because he declined to work then in accordance with his duty. Where industrial action took

Mr Miles disentified himself

wages. Mr Miles offered to work inefficiently on Saturday, but could not compel the council to accept that offer. On its rafusal to accept, he ceased to be entitled to be paid for Saturday.

The appeal should be allowed.
LORD OLIVER concurring,
said that the true nature of
a superintendent registrar's salary, for which provision was made by section 13 of the 1958 Act, was a remuneration for work done and not simply an honorarium for tenure of office. The nature of the remuneration and the terms of office were so closely snalogous to those of a contract of employment that his claim ought to be approached in the same way as under such a contract.

In the case of the ordinary contract of employment there Was III wages for bad work or in deduct from wages selfassessed damages for such But where an

declined to work at all for a particular period, subject to whether the wages or salary were apportionable on a periodic basis, there was no ground on which the employee and the processfully supported. could successfully suo for remuneration.
A plaintiff in an action for remuneration under a contract

of employment must assume the initial burden of averring and proving his readiness and willingness to render the services required by the contract. Mr Miles could not successfully claim that he was ready and willing to perform the work which he was properly required to do on Saturdays. His action for remuneration for that work

superintendent regarders municipal dustman if both were supported on strike, both were supported and Lord Bridge, Lord Branch by their unions, and both with both judgments, claimed payment in full of salary and wages during the strike.

Mr Sedley submitted that unless and until an employer put an end to a contract of put an end to a contract of ley, QC; and Antony White employment he must pay full employment he must pay full employment the worker was Barrister.

A FINANCIAL TIMES SURVEY

#### SOFTWARE PACKAGES FOR BUSINESS

Publication Datt: Monday May 11 1987

The Financial Times proposes to publish this Survey on the above date. The provisional editorial synopsis is set out below and is not a Press release therefore cannot be used as eas. INTRODUCTION

PACKAGE SOFTWARE AND THE UEW CHIP WHAT IS HAPPENING IN SPECIFIC APPLICATION

2. BUILD OR BUY

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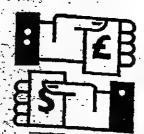
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### FINANCIALTIMES SURVEY



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The growth of crossborder equity investment following the easing of controls in markets around the

world has created the need for a new instrument to measure performance. This will be offered by the FT-Actuaries World Indices, launched today, which will capture daily the prices of 2,400 equity securities in 23 countries. Richard Lambert reports.

### A benchmark for investors

THE FT-ACTUARIES World Indices, launched today, are intended to provide a new benchmark for investors in equities around the world. Based on the prices of around 2,400 equity securities drawn from 23 countries, the indices of undices of the total market value of the world's main stock markets.

Onwards: controls have also been lightened elsewhere in Europe. An increasing proportion of Japan's enormous capital surplus is being directed into the world's equity markets. Calculated on the same basis as the well established FT-Actuaries Indices of UK securities, the indices will be produced daily and published in

world's main stock markets.

The decision to calculate all these numbers follows the enormous growth in the volume of cross-border equity investment in recent years. US fund managers, who 10 years ago invested almost entirely in their domestic market, have been encourtic market, have been encouraged to diversify on an international basis, both by legal considerations and by the attractive returns that have

been available.
The removal of exchange controis in the UK led to an upsurge of foreign investment from 1979

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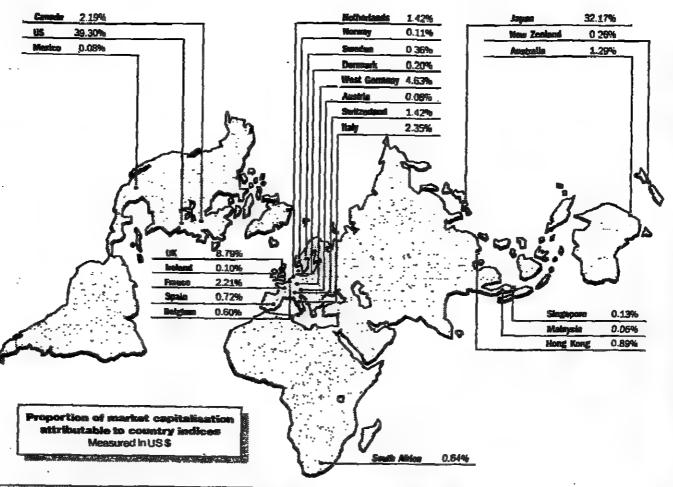
WORLDWIDE

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different countries-which in many cases will be more com-prehensive than the best-avail-able local yardsticks—the daily table will include a series of regional indices together with the overall World Index.

The main aim has been to provide a set of measurements against which to judge the performance of international fund managers. This means that markets, companies and secur-ities have been included only

GLO



## FT-Actuaries Mordinelices

when direct holdings of shares by foreign nationals are allowed. The registered shares of Swiss companies and Swedish bank stocks are examples of securities that have been excluded for this reason.

Again with the international investor in mind, the indices are

investor in mind, the indices are international Stock Exchange calculated in three separate in London. The whole exercise currencies—the US dollar, stering and the local currency. The representatives of the Institute regional indices are calculated of Actuaries and the Faculty of in a way that takes into account Actuaries, which have been the relative weight of local capiworking with the FT on the talisations. The gross dividend calculation of UK indices since yield is also published, on the 1962. basis of what foreign share-

RESEARCH

Goldman Sachs, the leading US investment bank; and Wood Mackenzie, one of the most prominent members of the International Stock Exchange

The main reason for this joint

holders are entitled to receive before withholding taxes.

The project is being managed jointly by the Financial Times; and continuous monitoring if and continuous monitoring if they are to meet their ambitious goals. The right constituents have to be selected, and details have to be selected, and details of price movements and capital changes have to be checked daily. In broad terms, Goldman Sachs will be responsible for the North American constituents, the FT will take care of Europe, and Wood Mackensie will look after everywhere else. A number of other world share indices are aiready published, most notably the Morgan

lished, most notably the Morgan

SELECTED

Stanley Capital International series, and others may be in the pipeline. Apart from its very comprehensive coverage, the special feature of the new FT-Actuaries series lies in the independence and established authority of the FT and the Actuaries in the calculation of indices. Fund managers, whose livelihood depends on how they perform in comparison with such yardsticks, need to be confident that the indices will be calculated in a consistent, objective and readily under-

The new indices will be under

The growth of index funds

are jointly compiled by The Financial Times Limited, Goldman Saches & Co. and Wood Mackenzie & Co., Ltd. in conjunction with the Institute of Actuaries and the Faculty of

the control of a specially formed policy committee, which will meet quarterly under a chairman appointed by the Institute of Actuaries and the Faculty of Actuaries. Both the FT-Actuaries UK indices and the FT-SE 100 Index are also con-trolled by a similar system.

up-to-date and meet the current sion of Rover Group—which is needs of investors. It will also more than 99 per cent owned by supervise the daily running of the project. The hope is that investors will register their views with this committee. The more information that can be gathered about their views and

requirements, the better the quality of the product.

As well as the chairman, the committee will consist of another representative of the Actuaries, one from each of the three committees and representatives. three compilers, and representatives of user groups. These currently come from County Investment Management, Rowe-Price Fleming International, and the WM Company. Details of changes in the constituent list will be reported promptly in the

Selecting the constituents has proved to be an enormously complicated task. The policy committee wanted to establish as clear and objective a set of ground rules as possible. Inevitably a number of compromises have had to be made in order to cope with different circumstances around the world. But the overall guidelines are reason-

by straightforward:

In each country, the aim has been to capture at least 70 per cent of the total market value of all companies' shares listed on the domestic exchange. In countries maken this has not been tries where this has not been possible, such as Sweden or Malaysia, the reason is usually to be found in various constraints which exist on the ownership of shares by foreigners. Another goal has been to capture a fair proportion of the number of companies available: we did not want to construct simply an index of giant com-panies. Of course, the structure of markets varies from country to country. For instance, the West German equity market is dominated by a small number of large companies, which means that, although the new index represents a high proportion of the local market in terms of value, it only includes a relatively small number of West

Overall, the Index represents

over 15 per cent of an estimated universe of more than 15,000 listed companies. Apart from banning shares

that are not available to the international investor, the index also excludes companies where 75 per cent or more of the issued capital is controlled by The committee's job will be to dominant shareholders. To take make sure that the indices are an extreme example, the incluthe UK Government-would have been quite misleading. Companies and markets are included only when the compilers are confident that a reliable and timely source of price movements is available. The indices are based on the previous day's closing prices, with the exception of Mexico, which is a day late because of the difficulties of price collection.

Companies with a market value of less than \$100m at the end of 1985 have been excluded, in order to ensure a reasonable level of marketability. There is an exception to this: if the average market capitalisation in any country is less than \$100m, the cut-off level has been set at that

Subject to the other con-straints, the Index has aimed to take in a number of smaller companies with a strong inter-national following.

national following.

In order to keep the whole thing manageable, the number of companies from the US-much the biggest and most broadly based of the world's equity markets—has ilmited to 600.

Given the scale of this exercise, it is likely that, despite all our efforts, the initial list of constituents may well contain some gremlins. We are publishing the constituents in full, in the hone that wave all table. in the hope that users will point these out and so help us to con-struct a set of indices which will do on a world scale what the FT-Actuaries Indices have already done for the UK market.

#### Survey Reprints

A half-size reprint of the World Indices Survey can be obtained free of charge by sending an A4 SAE tterpost rate) to Lorraine Spong Financial Times, Bracken House, 10 Cannon Street, London EC4P 481

### FT-ACTUARIES WORLD INDICES

These indices are jointly compiled by the Financial Times, Goldman Sachs and Wood Mackenzie, in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		MONI	AY MARCH	2 1987		U.S. DOL
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	U.S.\$ Gross Div. Yield	10,3
Australia (95) Austria (12) Belgium (44) Canada (136) Denmark (32) France (125) West Germany (98) Hong Kong (43) Ireland (11) Italy (72) Japan (452) Malaysia (34) Mexico (24) Netherlands (36) New Zealand (30) Norway (26) Singapore (24) South Africa (49) Spain (33) Sweden (34) United Kingdom (353) United States (560)	105.23 105.60 105.12 105.15 105.15 106.10 107.67 108.71 109.05 111.54 113.10 112.90 113.40 114.36 116.38 116.17 112.49 113.64 114.00 115.78	+0.36 +0.51 -0.08 -0.56 +0.83 +0.00 +0.95 +1.57 +1.04 +0.34 +2.49 +1.58 -0.20 +0.50 +0.86 +0.49 -4.30 +0.49 -0.30 +0.49 -0.30 +0.70 +1.08	105.22 105.23 105.60 105.12 105.15 105.15 106.10 107.67 108.71 109.05 111.54 113.10 112.90 113.40 114.36 116.38 116.17	105.2 105 107 107	KNOW IN THE HEY GO	DO YOU WHERE WORLD OT THEIR FROM?
Europe (985)	115.01 120.17 222.22	+0.77				

The new F.T.-Actuaries World Indices are set to become the primary source of information for international investors, and fund managers who operate in worldwide markets.

But have you ever thought who provided the initial research and collated the vast amount of data required to develop these indices?

Wood Mackenzie, in conjunction with the F.T. and Goldman Sachs, constructed the comprehensive world market data base upon which the new F.T. service is based. We're also supplying constant updates on all aspects of international investment planning.

At Wood Mackenzie we pride ourselves in providing top quality information and advice based on regular analysis of economic and market trends.

And, what we do for the F.T., we can also do for you.

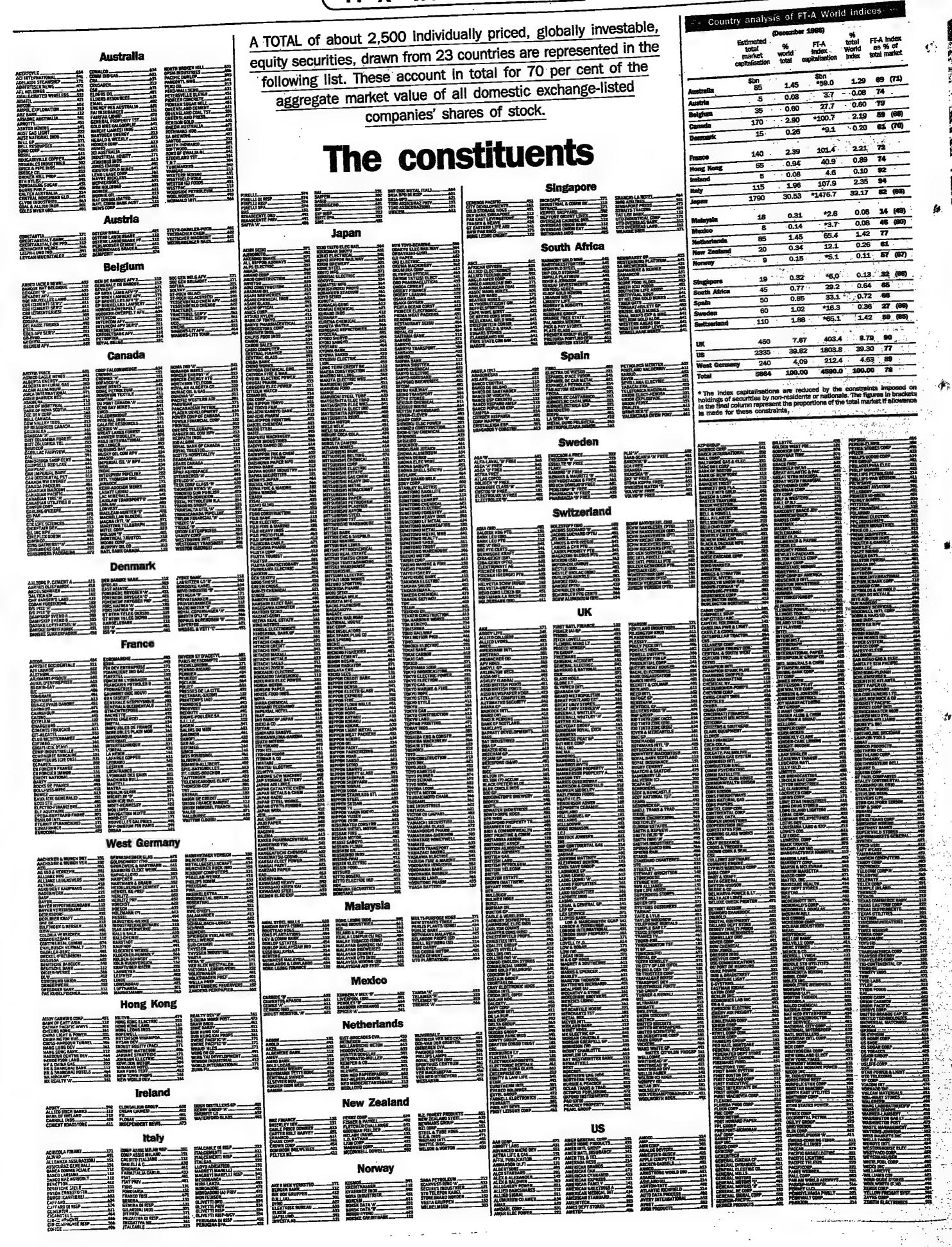
All our skills and resources are now available to the professional investor, so get in touch with the people behind the F.T.-Actuaries World Indices – call Wood Mackenzie worldwide.

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EDINBURGH THE STOCK EXCHANGE YORK

### FT-A WORLD INDICES 2



#### FT-A WORLD INDICES 3

Technology has provided instant windows on world markets.



### The big investors go global

(excluding Japan)

THE VERY nature of the crossborder market in shares which has mushroomed over the past few years dictates that nobody really knows how big it is.

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True, the investors and brok-ing firms which buy and sell shares across national bound-aries do employ established stock markets for many of their rades. But no stock exchange is tble to break down which trades are purely domestic and which are not

Just as significant, however, is the fragmented state of the market in shares which does not pass through exchanges. Much business is done on the telephone across borders, with no established methods for proces-

sing or supervision.
Some efforts have been made to determine which shares have a liquid market outside their own borders but the volume of trade still remains largely

unknown.
What is clear, however, is that it is growing and that increasing efforts are being made to har-

By the end of lest year, US pension finds had over \$42bn invested abroad, nearly three times the figure only two years previously, according to figures from InterSec Research, a Stam-ford, Connecticut-based consultancy. This is still a very small amount compared with the funds of perhaps \$2.000bn under their control, but it certainly indicates a new emphasis in a previously insular industry.

Institutional investors have.

iocked outside their own bor-ders for several reasons, of which one of the most powerful for dollar-based investors has been the fall of the dollar. This has made already attractive markets positively compelling; last year, for example, the Tokyo stock market rose an impressive 50 per cent in yen terms, but a staggering 87 per

terms, but a staggering 87 per cent in dollar terms. Other factors which apply to institutions globally are:

O The very strong performance of many stock markets over the past few years. The figures speak for themselves: world stock markets, as measured in dollar terms by the Morgan Stanley Capital International Index, rose 37 per cent in 1985 and 39 per cent in 1986. European shares rose 73 per cent and 34 per cent in those two years. The advantages of spreading a portfolio across the world market are obvious.

O Institutional fund managers have felt themselves increasingly beset by competi-

Hong Kong

New Zeeland

Philippines

Notway

Market capitalisation Proportion of FT-Actuaries indices attributable to country indices FT-A World Inde

italy 4-07% Italy 3-47% France 3-26% Canada 3-23% ence 3-824 Neth. 2-46% Switz, 2-45x Moth: 2:10% Australia 2-23% Switz. 2:091 iong Kong 1:54% Australia 1-98s Hong Kong 1-31% 6-82% **West Germany** 8-01% **Spain** 1-25% Beiginns 1-04% Spain 1-06% Others 3-86% Swaden 0-61% Others 1-64%

measured in US dollars

tion. More is demanded of the In general, institutions have short-term performance of their investments, and surging stock arbitrage and other strategies markets outside their own country cannot therefore be ignored. investments, and surging stock markets outside their own country cannot therefore be ignored. Managers have also been spurred into putting more of their investments into equities, instead of keeping them tied up in safe, relatively low-yielding hands.

bonds.

The strides made technology have provided institutions with instant windows on to world markets. Though there remains some way to so before all the information they need is both reliable and instantly available, investors can be reasonably assured that they can keep up to date with share prices abroad and with the news that is likely to affect

those prices.

The big securities firms which serve the institutions have themselves sought global reach through a presence in all the major markets, enabling them to provide more efficient trading capabilities as well as

research.

Despite all this, however, it is not yet clear to what extent institutional investors use foreign markets to trade. Last year, for example, the majority of the rise in the InterSec pension fund figures could have been accounted for simply by a rise in the value of previously held investments. held investments.

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Switzerland

Source: Goldman Sachs

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	1980	1985	1986	1990*
United States	196	3%	4%	8%
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Linited Kingdom	1	8	10	20
NAME .		9	10	15
Netherlands	7	8	9	10
Canada		4	5	8
Switzerland	4		4	6
Cermany	2		15	20
Australia	0	8		0
South Africa	0	0	0	
	1	2	2	3
France	O	Đ.	0	1
Denmark	20	20	20	20
ireland	50	60	60	65

30

0

\*Percentage of Total Pension Assets Rest of the World Note: 1990 projections assume no changes in foreign inv tions where they now exist.

25

Preliminary estimates by InterSec Research Corp.

with the considerable assistance of computers, have pushed volume there to previously unthinkable levels. In London, the fall in transaction costs and heightened competition after last October's Big Bang reforms have contributed to record Trading in continental stocks in London is reported to have grown substantially as a spin-off of Big Bang. It is often said, for example, that business in Swed-

example, that outsitess in Swed-ish stocks is larger in London than it is on the Stockholm bourse. The general rule, however, is still very much that the domestic market for each stock is the prime determinant of its price.

Other phenomena indicating more sophisticated use of the international market by institutions are also beginning to

tions are also beginning to emerge. In the London market, for example, institutions now frequently trade whole portfolios of stocks with brokerage houses who have little idea of the contents. This practice is already and the bear applied to already rapidly being applied to portfolios spread across a num-ber of countries.

There remain, however, serious problems hampering ithe growth of the eross-border trading market.

First, the liquidity of many individual stock markets is either inadequate or unreliable. This is bound to be seen as a drawback by institutional fund managers who, in an increasingly performance-oriented world, need to be sure that they can get out of their investments just as easily as they get in. they get in.

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48.0

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12.0 1.8

international trades is notor international trades is notoriously inefficient. By some estimates, as many as 40 per cent of cross-border trades fail to be completed because incorrect information is passed, or is claimed to have been, between the many parties—investors, brokers, banks, custodians and clearing systems—involved in such a deal. Even if trades succeed they are likely to be very such a deal. Even if trades succeed, they are likely to be very costly. This problem is currently the subject of an intensive drive, both by established stock exchanges and by outside operators who have spotted an opportunity to capture the global market.

Third, the market is so frag-mented that investors must sometimes wonder whether they are dealing at the best prices, and whether there is proper oversight of the broker-age firms with which they are dealing. The London Slock Exchange is planning to attack this problem with a new tech-nological system which will alm to make London the focus of international share trading, both centralising and boosting international share trading, both centralising and boosting jts liquidity. The market will also have supervision in that it will be subject to the investor protection provisions of the new UK Financial Services Act though the provisions are less tough for professional than for small investor business.

Fourth, investors outside the US lack liquid risk management instruments, such as stock index futures and options, which would enable them to adopt complex investment

#### Estimated size and non-demestic exposure (Year-and 1980 and year-and 1986, in \$1m equivalent) 1986 Foreign Total Total **Assets Securities** Total \$330.0 \$3.3 United States \$1250.0 \$45.0 10 3.6% 40.0 0.4 1.0 145.0 14.5 10.0 9.0 243.0 58.6 22.3 108.0 9.7 United Kingdon 85.0 8.5 10.0 38.0 1.5 3.9 Netherlands 5.6 9.0 29.6 20 6.9 62.0 Canada

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17.5

Private pension assets

Figures include both equity and debt; equity at market value and other asse at book value. Amounts converted to U.S. dollars for each year at the then-effective exchange rates.

Performance measurement

### A growing band of clients

the international investment performance measurement business. Two are American-based: the pension fund consul-tants Frank Russell, and the specialised international diverification consultants InterSec

The third is the Edinburghhased WM Company, formerly an arm of brokers Wood Mack-enzie but now separately consti-tuted and owned (the WM is now said to stand for world markets).

Oddly, only one of these, WM, national market. For the Americans, overseas measurement has evolved separately from the domestic activity which is dominated by Simulated Environments Inc (SEI) and several of the big trust banks.

Some of these banks are now expanding their international

coverage, but are a long way behind the leading three which have built up their essential client bases or "universes."

Pension funds are the major clients for performance

measurement services, basically because trustees need to monitor the achievements of the external managers who have been hired to run funds (or parts of them).

Trustees are therefore willing to pay fees of a substantial size in order to determine not only overall performance, but sometimes also to get an independent check on the strategies employed by the managers and on the risks assumed by them. Investment management companies are also potential clients, and consultants like interSec are seeking to sell a variety of complex portfolio analysis services to them.

The big factor for the managers, however, is the need to get into the performance league into the performance league tables as a preliminary to marketing to new clients. At Frank Russell and InterSec measurement tends to be associated with a manager selection role, though WM has stood aside from this, arguing that the functions should be separate.

Other potential clients for global performance measurement include national investment funds, like those of Kuwait and Brunei, although consultants are not allowed to discuss any connections with such secretive

clients.
With mutual funds, performance can be tracked fairly easily from published

prices by, for instance, azines. Measurement, therefore, does not tend to be a high value added service of the kind provided by the special-ised operators, although another American company. Lipper Analytical, markets an offshore fund measurement

It is notable that independent performance measurement has until now been largely confined to the US and the UK, together with international funds with beneficiaries in those coun-

But there are now expectations that other countries will become important client sources worthing larger than for domestic management). sources, notably Japan, where overseas investment is now exploding as a consequence of that nation's persistent trade into account currency movesurplus. But tapping that potential is a tricky marketing problem for the American and Britmarkets. Bond fund measurement also has to take very care.

ish measurement specialists.
On the continent of Europe, the signs remain fairly negative in Switzerland. That country is Switzerland. That country is suppressed in superscripts of the signs remains the superscripts of the signs remains the superscripts. The superscripts of the supersc in Switzerland. That country has long been a major force in the international portfolio management business, but it has sold its services on the basis of security and asset preservation rather than index-beating the property of the proper

a long tradition of overseas portfolio investment. For inst-

stantial volume of international ket in the past two or three investment money is now being years measured. The objective is to There assess the extent to which inter-national fund managers are making the most of the available opportunities, taking into sccount the risks they are incur-

Naturally, this is a complex procedure which has to take into account currency move-ments as well as fluctuations in

growth.

The Swiss, generally speaking, are not enthusiastic about having their performance measured. The feeling is that, if pushed, the Swiss banks will set to their own measurement their own measurement arrice.

More positive attitudes, however, are reported from the

verse" of other similar manaance, WM has picked up some 25 gers, which may be necessary Dutch funds as clients, and has when international managers just opened an office in diverge from index perform-ance—as they have, rather Around the world, a very sub-seriously, in the Japanese mar-

There reasons for this. Often foreign investors are excluded from certain kinds of investment, which make it impossible for them to match an index with any

precision. But sometimes international managers will simply get a national market wrong (at least in terms of short-term timing). because they are not tuned into the key factors which affect local values. The Japanese market has proved a particularly severe test in this respect. If active managers get out of line too often they will run the risk of seeing their business poached by the index funds.

Moreover, managers of inter-national funds are by no means always pursuing the same objective. Global mandates are comparatively rare, and for ERISA managers non-US mandates are

This is why the new FT-Actuaries World Indices will include various regional and exclusive sub-indices (such as the world excluding the US) to provide appropriate yardsticks for fund managers following

Two Wall Street finns and Britain's Wood MacKenzie dominate International performance measurement

**Bankers Trust Company** 

### WORLD LEADERS IN INDEX-MATCHING MANAGEMENT WELCOMES THE LAUNCH OF THE FT-ACTUARIES WORLD INDICES

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69 Old Broad Street

London EC2P 2EE

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Bankers Trust Company 280 Park Avenue New York, NY 10015

Telephone: 212-850 3120

Funds matched to the stock market index have grown strongly in the US, Britain and Japan

### Surge of interest in passive funds

sensitive character over the last three years as a result of the upsurge in the popularity of passively managed indexmatching funds on both sides of

the Atlantic and Pacific.

A fund which matches the stock market index sims to give its clients a return in line with the average returns from the market measured by the index, without the manager having to select any stocks or make other

investment decisions.
Such funds were started in the US in the mid-1970s in response to the accumulating statistical evidence that most traditional active fund managers achieved returns significantly below the returns on the index. The substantial under-performance of active US fund managers in the three years from 1983 to 1985—there was a small outperformance by the average fund manager in 1986—has led to a boom in passive funds.

In the UK, index funds linked to the FT-Actuaries All Share

keted only in the last three

about 80 per cent of UK fund

portfolio theory and the quantitative methods of analys-ing the risk and expected return from equity portfolios on which most forms of passive management are based

The most recent factor behind the success of index funds has been the Big Bang reforms in the London Stock Exchange. These have slashed dealing costs by more than 50 per cent for those investors, such as passive fund managers, who require no research or other stockbroking advice.

The most recent country to show an interest in index funds has been Japan. Since late 1985, all the large securities houses have set up their own index funds for Japanese investors, who have become used to exceptionally poor performances from the investment managers of the invesment trusts and pen-sion funds, Nikko Securities has also set up an index fund invesyears. As in the US, their growth ting in the Japanese stock mar-is connected with the rise of ket for foreign investors. The simplest and most popu-

STOCK MARKET indices and measurement services, which their individual constituents have demonstrated a consistent three countries is that which have taken on a much more pattern of underperformance by national stock market as a whole. However international index funds are now being marketed actively in the US, linked to a pre-selected number of foreign stock markets and have

attracted about \$3bn. For example, Wells Fargo Investment Managers in California, the largest index fund managers in the world with \$65bn under management, now has \$600m in its international fund which covers nine stock markets and 650 stocks. An attempt to launch a similar fund in the UK last year, however, collapsed.

Whatever index is chosen, professional managers use one of three different methods to track it.

One is complete replication. This involves buying every stock that makes up the index in its correct proportion and maintaining that proportion throughout the year, whenever dividends are paid. This method ensures that the returns on the index are achieved precisely, but only after allowance is made for transaction costs. These costs can add up to as much as 0.4 per cent of assets

Wells Fargo has been able to tuents the index. The more other portfolio investors to reduce these costs substantially sophisticated the analysis, the on their \$26bn. of funds which lower the tracking error of a match the Standard and Poors fund's actual returns against the The influence of index funds match the Standard and Poors index returns. 500 index. Small dividend payments can be reinvested in

those stocks which can be bought cheaply from other in-house clients without unbalanchosen index which is no more than an approximate barometer cing the fund. In addition, the fund derives income from its stock lending to market makers of the stock market as a whole. However, once a large amount of money is formally tied to the and speculators who have gone ups and downs of that barometer, inevitably disputes arise in the UK, the Frank Russell fund, which is managed by the stockbroking firm, Quilter Goodison, has faced greater difabout the constituents of the

ficulties in keeping down its costs in investing much smaller sums in all the 740 stocks that make up the All Share index. The Big Bang reforms in October last year have improved cost control. Because of the transaction costs and logistical difficulties of complete replication, most index funds have preferred the method of investing in a sample of stocks that make up the index chosen for their representations of stocks that make up the ladex.

of volatility of all the consti-

stakes in the companies, the shares have been given full weightings in the relevant indi-ces as if 100 per cent of the shares were available to inves-tors. Index funds have been under-weight in these stocks and have consequently under-performed the index when their method of selecting a sample of stocks — in the UK market 200 to have 300 is the norm — is through an analysis of the historic patterns rise has been due to the attempts of index funds and

has also made itself felt on Some managers have critismaller stocks which suddenly cised the fetish of seeking to find themselves subject to match precisely the returns on a strong buying pressures chosen index which is no more because of their inclusion in a widely-followed index.

The greatest buying distortions in share price movements. it is feared, arise from another development in quantitative investment techniques, port folio insurance. This is a technique for creating a synthetic put-option on, typically, the stock market index, by switching assets between shares and cash The most serious disputes concern stocks such as the two giant telephone utilities in the UK and Japan, both of which so that investors never suffer a loss in their capital (or only a have recently been privatised. Although the governments have continued to hold substantial pre-determined maximum loss) even if the stock market

collapses.

As much as \$80bn in the US is As much as 5800n in the US is now estimated to be tied up in portfolio insurance schemes which are usually, but not always, linked to a passively managed fund. However, the weight of money switching out of shares into cash as the market falls (and into shares as up. immediately after the flotation it rises) is now so great as to dates. Indeed, part of the price exaggerate stock market swings to a dangerous exten

Cilve Wolman

#### Industrial classifications for the FT-Actuaries World Indices Financial Banks and Other 473 Publishing Newspapers

Banks
120 Pinancial Institutions & Services 475 Advertising (Composi 121 Financial Institutions 122 Financial Services

140 Insurance—Life & Agents/Brokers (Composite) 141 Instrance—Life 142 Insurance Agents & Brokers 150 Insurance Mutalline/Property

Casualty (Composite) 151 Insurance - Multilling 152 Insurance Property & Casualty 161 Reel Estate 171 Diversified Holding Con-181 Investment Trusts

201 Non Oil Energy Source 202 Energy Equipment & Services 210 Oil (Composite) 213 Oil-Crude Produces 214 Petroleum

220 Electric and Gas Utilities (Composite) 221 Electric Utilities, Water Wo Supply 222 Natural Gas Utilities 223 Telephone Companies

301 Air Transport Carriers 302 Freight Forwarders 303 See Transport 304 Rail & Road Transport

401 Autoroobile 402 Household Durables & Appliances 410 Textile and Wearing Apparel (Com-

411 Apparel
412 Textile Products
413 Footwear
420 Beverage Industries/I
Manufacturers (Composite) 421 Beverages—Brewers 422 Beverages—Distillers 424 Beverages—Soft Drinks

432 Cosmetics

433 Drugs 433 Drugs 434 Hospital SupplyManagement 440 Agriculture & Fishing 480 Foods & Grocery Products (Compo-451. Food Processors 452 Food-Sugar/Confection

461. Emertainment & Leisure 470 Media (Composits) 471 Printing

474 Broadcasting Media 480 Business Services & Computers Software/Services (Composite) 481 Business Services 482 Computer Software & Services 490 Retail Trade (Composite) 491 Retail—Department Store 492 Retail—General Merchandise 494 Retail-Drug Chains

495 Retail - Mis 510 Wholesale Trade (Composite) 511 Wholesale—Dutables 512 Wholesale—Nondurables

Capital Godds
520 Aerospace/Defence Compos
521: Aerospace/Defence
522 Defence Electronics 523 Aircraft Manufacturers 531 Computers
532 CAD/CAM/CAE
533 Communications Equipment
534 Office Equipment
541 Electrical Equipment

550 Electronics 552 Instrumentation/Control Equipmen 560 Machinery & Engineering Services (Composite)
561 Engineering Services
562 Machine Tools
563 Machinery

565 Machinery—Farm Equipmer 566 Machinery—Industrial/Spect 570 Auro Components (Compose 571 Auto Parts—Original Equipm 572 Auto Parts—After Merket 573 Auto Trucks & Parts 574 Tyre and Rubber Goods 581 Pollution Control

610 Construction & Building Me 611 Building Meterials 612 Ceramics 613 Construction 622 Chemicals (Diversified) 630 Mining (Composite) 631 Mining & Extractive 632 Metal Ore Mining 633 Iron and Steel 634 Non-ferrous Metals 641 Precious Metals & Minerale

652 Paper and Paper Products

A hookiet giving details of the Index coverage and selection process, together with technical appendices, is available from Shown H. Nagourey, Goldman. Sacins & Co., 85 Broad Street, New York, NY 10004, USA. Tel. 212 802 8777.
Tales 421844 90LSAK.

#### Separate economic sector groupings

### An index to track industry

AS WELL AS the country indi-ces, which will be calculated worked out in different curren-every night by the Financial cies—local, sterling, and the US Times, there will also be a dollar. And they will be pro-series of international industry duced on a local as well as a indices which will be the re-regional and worldwide basis.

Thus it will be prospected for incident indices will provide a national indices will provide a indices which will be the re-sponsibility of Goldman Sachs and Wood Mackenzie. These, too, will be calculated daily, although it is not the present intention to publish them in the

Every constituent of the World index has been placed into one of seven broad economic sector groups: financing, in-surance and real estate; energy; utilities; transportation and storage; consumer goods and services; capital goods, and basic industries. These broad groupings will be further broken down into some 40 sub groups, showing sectors such as automobiles, real estate, chemicals or electrical equipment. As with the country indices,

Thus it will be possible, for instance, to track the performance of shares in Japanese commer-cial banks against those in the Pacific region and against an overall world index.

The need for such inter-

national comparisons again comes from the broadening horizons of fund managers, and from the increasingly global na-ture of some industries. For example, the strong rise in the price of UK pharmaceutical companies in recent months has been at least partly to do with the fact that they looked cheap relative to their competitors in

Fund managers who want to take a view on the chemical inbroad set of benchmarks for

Allocating shares to the right sub-groups obviously been a big exercise, and one which will require further refining. There is great scope for blunders: contrary to US assumptions, Body Shop is not a repair chain for rusty auto-mobiles, but a UK retailer of nice amelly things for females (and males). And some fairly arbitrary decisions have had to be made where large companies have important interests in several different industry sub-

Goldman Sachs and Wood Mackenzie have used their own analysts to categorise all the

different companies, and they have received much valuable help from the investment management groups on the World Index policy committee and from correspondents in each local market

Several possible groupings were abandoned, usually becompanies to make the exercise meaningful. Further surgery will be necessary in the future, to take account of local changes in the structure of particular industries.

This is another case where the index policy committee is hop-ing that users will play an important part in refining and improving the product. The industry classifications shown with the list of constituents are seen very much as a first shot at a difficult target.

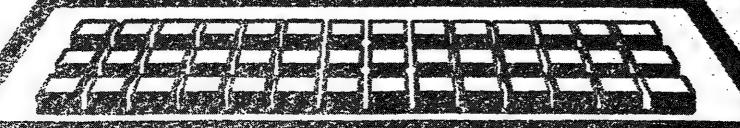




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#### London Galleries/William Packer

### Recognition overdue for painters' painters

With a strong entry and a first prize of £25,000 to give away the Athena Art Award was bound to engender a certain controversy in this as any warre. His work has been tain controversy in this or any year. But, whatever one's feelings concarning the final destination of all that loot, the jury-selected exhibition lately concluded at the Barbican made it very clear that the number of serious contenders extended far beyond the published shortlist. It is not to rake over those cooling embers to say that the short-list itself might very well—perhaps should—have produced another result.

One of the strongest of those

duced another result.

One of the strongest of those truly pupublic (and, with John Hoyland, the eventual winner, the only other non-figurative and expressionist painter among the final eight) was Basil Beattle. And it so happens that the two artists were exact contemporaries at the Royal Academy Schools in the late 1950s. Beattle's actual entry in the competition was for him, at a mere 6 feet by 5 in conformation with the rules, comparatively small. It is possible to see him now, however, at full stretch at the Curwen Gallery in Windmill Street, off Charlotte Street (until March 28), where his work quite literally sills the room.

The Curwen is not exactly over-large and only four canvases have been squeezed into the principal, lower space. All of them occupy the wall from floor to ceiling and, at some 181 feet by 12 feet, the two largest are large indeed. But then why not? These confident and most accomplished works give ample, effective demonstration of an old though too much neglected truth—that the biggest pictures can look mar-

neglected truth—that the biggest pictures can look marbiggest pictures can look mar-vellous in the smallest space. Beattie is held in high respect by his peers, but his reputation remains more private than public. He is still very much a painter's painter and has yet to be paid any-thing like the empatorial extenthing like the curatorial atten-tion that is more than his due, while so many of his juniors and inferiors leap straight from college, so it seems, into

years. His work has been changing and developing, and there have been times when it has gone wrong and he has had to apply himself doggedly to working his way through the difficulty.

Santa and the sa

difficulty.

But as much is true of most good artists, for true art must follow its own wayward course. The quality of this new work, in the authority and freedom of its statement, the inventive variety of its imagery and the rich enjoyment of paint and surface, is itself as much the product of that long and testing application as it is of present confident facility. The surface of the canvas, in these largest works, is organised into a losse rectangular grid, rather like a works, is organised into a lose rectangular grid, rather like a wall of open cupboards or pigeon-holes. Each unit is at once quite self-contained, and yet part of the whole, the generous surface rhythm of the paint taking the eye readily from one unit to the next. Sometimes a freely stated graphic figure overlays them all, drawing them formally together and yet floating forward itself into the shallow picward itself into the shallow pic-torial space in front of this curious screen of paint. There is a relaxed and easy vigour to the handling of the paint, whether technical, compositional or imaginative. The colour is more earthy than vivid, muted and low in tone yet oddly rich and clean. The imagery has the sense to it of an improvised and unspecific calligraphy, hieroglyphical per-baps, or pictographic. The stories it tells us we must make

The paintings of Ian McCulloch that fill the Odette Gilbert
Gallery in Cork Street (until
April 4) are, if anything, even
larger than those of Basil
Beattle. Now in his early
affiles, he too has become a
senior artist and, again like
Beattle, though he has worked
consistently and shown widely
and regularly, is only now
beginning to achieve a proper



"Julia" by Victor Newsome

recognition. He too is an expressionist, but there any consonance falls away for McCulloch's work is of a manifestly figurative and fantastical sort. His paint is thin in application, remarkably so to sustain the imagery across such vast a surfaces, but such is the vigour of the drawing and the lineagery that the trick of the imagery that the trick

recognition. He too is an out the ground against which the essentially graphic images cavort and prance. There is to cavort and prance. There is to the imagery a quality of manic theatrs, a stage set for demons and goblins to act out their frightful parts upon, figures of nightmare and hallucination. These creatures are the stuff of ancient legend, epic and universal, which McCulloch makes entirely his own. His work is exciting and convincing. work is exciting and convincing, and there is nothing like it.

Two weeks ago, in my re-

view of the exhibition Current view of the exhibition Current Affairs at the reopened Museum of Modern Art in Oxford, I made particular and enthusi-astic mention of the new works by Paula Rego. Since then an exhibition of more of her recent work, aquatints and works on paper besides other new paint-ings, has opened at the Edward Totah Gallery in Old Burlington Touch Gallery in Old Burlington Street (until April 4), Again it is a remarkable demonstration by a mature and increasingly influential artist who lays real artist.

morphic beasts. The larger paintings downstairs are no less sinister but less comic in the equivocal games their subjects play. The atmosphere is as feverish and pregnant as in any early painting by Balthus. It is fascinating stuff.
Finally, a word of recommendation for the exhibition at Mariborough Fine Art of the recent work of Victor Newsome until March 28. (I must declare an interest, for I was concerned an interest, for I was concerned in a small way with its prepara-It consists entirely of paintings and studies of the female head unselfconscious consideration that places Newsome much closer than we might at first suspect to the great tradition in western art of the intuitive study of the model. This is a dictional than a dictional than the study of the model. distinguished show by a dis-tinguished and fascinating

claim to senior standing. The recent development in her imagery, which I remarked a: Oxford, is here sustained and amplified. The unspecific pictorial space and the graphic, free-floating and fragmentary imagery have disappeared altogether and her figures, now fully realised, have their feet most firmly on the ground. The little girls play, if play is the word, with their dogs and other pets. In the splendid series of paintings on paper in the upper gallery they feed and groom and nurse these sometimes comic yet sinisterly anthropomorphic beasts. The larger paintings downstairs are no less Oxford, is here sustained and skapene's nrst resuval hair concert a week ago Richard soloists—Karita Mattila, Alfreda Fairman enumerated the salient characteristics; when it returned on Friday, for an appearance under its chief guest conductor Colin Davis, the orchestra again claimed pride of place by the easy naturalness and instinctively correct blend of its playing.

The concert consisted of Beethoven's Ninth Symphony. The experience was not sustainedly majestic nor elevating; Davis's reading, fascinatingly expressive in part, elusive elsewhere, lacked the urgency and steady accumulation of tension to manage that. But it had many magical moments, often orchestrally inspired. Even in of rounded tone one thought the first moments for the start moments of the start moments.

tion.) Newsome too, just like Beattie, McCullough and Miss Rego, was born in 1935 and, again like them, is an artist of considerable standing only now coming into his own. This is his first show in London since 1981 and it is by far his largest. It consists entirely of printiples of printiples of printiples of the consists entirely of printiples. and studies of the female head or figure, most of these of the nude. The paintings are in tempera on panel, a deliberate and apparently impersonal medium. There would seem to be nothing at all of expressionism to these cool images of eithing and reclining women. sionism to these cool images of sitting and reclining women, yet there must always be the touch of the brush and the movement of the hand. The drawings and studies, the most recent of them most of all, show every sign of a robust, direct and unsuffernishing.

#### David Murray delicious. The first op. 32 "Poème" (which Skryabin

orchestrally inspired. Even in of rounded tone one thought the first movement, which per-sistently refused to catch alight, all return very soon.

Dmitri Alexeev/Elizabeth Hall

Dresden Staatskapelle

Andrew Clements

Alongside the supercharged the watchfulness of the players

ing sleekness, no penetrating ment, with Davis beginning to brilliance; it is not an orchestra settle to his task, flowered with that proclaims its quality loudly effortless expressivity from the

and insistently, but allows the strings, and remarkably limpid uniqueness of its sound to seep steadily into the consciousness. In his review of the Staat-skapelle's first Festival Hall noisy vigour; the quartet of religious the strings and remarkably limpid uniqueness of its sound to seep steadily into the consciousness. The London Symphony Chorus delivered the finale with skapelle's first Festival Hall noisy vigour; the quartet of religious the strings and remarkably limpid uniqueness of its sound to seep steadily into the consciousness.

shapenes first Festival Hall noisy vigour; the quartet of concert a week ago Richard Fairman enumerated the salient characteristics; when

—a perfectly tuned horn chord here, a planissimo string line

there-compelled attention. The

scherzo preserved absolute transparency; the slow move-

brilliance of other great Euro-pean and American orchestras

the virtues of the Dresden

Staatskapelle seems positively low-fi. There is no self-regard-

Alexeev's recital on Sunday was crowned by a massive, brooding performance of Liszt's minor Sonata, Amid the B minor sonata. Amid the lost its suspended magic, and enveloping gloom, which he made dense and almost palpable, the brilliant passages further down the keyboard—fashed briefly and vainly; the a virtuoso's tic which was distracting in the Fifth Sonata too. Those who chose to pay 70 quence. Alexeev's intensity was sufficient to carry through single folded sheet, were distracting in fact the entire that nices Skryabin's "American structure in the structure of the programme, a single folded sheet, were distracting in fact the entire that nices Skryabin's "American structure of the programme of th dramatic pauses of unheard-of length, and in fact the entire that piece, Skryabin's "Americourse of the piece was directed with iron control. The coda, anyway, and to the hilt: as grimly stretched out, had the force of a glacial catastrophe. At the start of the recital, annues can, however, make the Chopin's late Polonaise-piece sound as tightly constructed and cogent as it really is. Intense, though appropriately Alexeev so exaggerated the languor of the slow sections, grace was needed, and some and the hettic urgency of the grace was needed, and some and the hectic urgency of the sense of relief at the final fast ones, that the overall strucperoration. Alexeev delivered a rich little collection of Skryabin pieces with extreme but idiomatic rubato, sometimes exqui-sitely: the first of the op. 22 Preludes was faultlessly turned, "ecstatic" and the "Quasi Waltz" was hysterical

"Poème" (which Skryabin always included in his recitals) lost its suspended magic, and ture crumbled. The number of bosh shots at tune and bass alike suggested that his manic speed was self-defeating. The Sonata is of course an "ecstatic" piece, but not

#### Götterdämmerung/Frankfurt

#### Andrew Clark

Frankfurt's new Ring — the the allusions she is making in first complete cycle the city her visual text. In Das Rheinhas seen for 50 years—can gold, the second and third acts now be judged as a whole, of Die Walklire and the whole following the arrival of Götter—of Siefried, her adjusted of the complex that months her effectionates (and often of the complex that months have affectionates). following the arrival of Götter-dümmerung sarilar this month.
This shall new production of Michael Gleien's 10-year period as director shows his team howing out in undiminished campaigning spirit, offering the same qualities of shock therapy to the Frankfurt theatre public that have brought the company such extreme reactions of appleuse and candenantism

BERLE TOPE

applause and condemnation throughout these years.

It became instantly clear with Das Rheingold 16 months ago that this was to be a Ring like no other. The next two parts of the week brought same answers the cycle brought some answers to the many questions posed by the approach of Ruth Berghaus and her designer Axel Manthey, and Götterdämmerung—although by far the least and although by far the least satisfactory components in this cycle
has further clarified what the has further clarified what the production team has tried to do. The main aim appears to have been to strip Wagner's tetralogy of all conventional pomp and Germanic circumstance and to present it afresh within the frame work of abstract modern theatre, using a new visual language that corresponds to the motifs, strata and cross-references of the libretto and the score.

The problem with any Berg-

The problem with any Berg-haus staging is that you have to be one of the cognoscenti to understand even a fraction of

sive and warlike, while the women pander to them as sex objects; today's sexual stereothe allusions she is making in her visual text. In Das Rheimgold, the second and third acts of Die Walkure and the whole of Siefried, her insights — and her affectionate (and often humorous) rejuvenation of the world of relationships peopled by the gods and their offspring — more than compensated for the latter of ideas and offsen and of types? Waltraute flutters dis-tractingly around the stage while Brumhilde sings of her new priorities.

The good things included the Norns, dwarfed in costumes of the globe while fashioning a theatre curtain (a suitably impossible solution for an imthe ciutter of ideas and off-shoots littering the stage. Unfortunately, whenever we touched the level of ordinary hamans, this stimulating possible scene); the tender realism of the Slegfried-Brunnhilde relationship; and the way Signified's hulk is kicked were swamped by the web of kitsch, cliche and trivial nicety ceremoniously out of the way by Hagen's cronies during the kitsch, cliche and trivial nicety associated with Berghaus' less successful stagings and which, in a work of the Ring's inexhaustible complexity, should never be allowed to leave the drawing board, the discussion table or the analyfuneral march, enhancing the messive solemnity of the music and throwing into relief the tragic futility of Wotan's

dearest plans.

One of the production's main assets is the commitment tical treatise. and finesse of all those involved: the Rhinemaidens are A few examples from Götterinvolved; the Rhinemaidens are just about the most beautiful looking and sounding I have encountered; Barry Mora brings a fine declametory delivery to Gunther; Manfred Schenk's trisp high bass gives a strong musical profile to Hagen; William Cochran and Catarina Lizendza. as Siegfried and dimmerung should suffice. The sterile modern lounge, which Siegfried, clad in armour and accompanied by a white statue of Grane, penetrates through a central doorway on the prow of a wooden boat: are we really expected to deduce that this is Ligendza, as Siegfried and Brunnhilde, resume their voyage of exhilarating vocal and dramatic abandon, though with diminished steadiness. the eruption of an outside force into the world of the bourgeoisie? Gutrune, in stylised evening gown, alternately plays with and discards a rubber dolly: a metaphor for the

The most consistent and revealing quality of the narrow aspirations of modern woman? The men, including Siegfried, are sexually agreeremains the approach of Gielen and the orchestra: organic,

fluent, seamless and vivacious largely as a result of extreme flexibility of tempo, the clear articulation of instrumental lines and textures, and a remarkable control of dynamic It is unfortunate that, for all the production team's avowed Werkireue, the music in this Götterdämmerung is allowed to pass for so little.

#### Gerald Moore dies

other planist of this century to establish the art of the accom-panist as a vital element in recital giving. Though he began his career as a solo performer and also gave due recitals with a distinguish list of instru-mentalists (including Casals). mentalists (melicing Casais), in later life he concentrated upon song and it is a partner for some of the most celebrated voices of the century, from Maggie Tayte, Shalyapin and Hans Hotter, to Schwarzkopf and Fischer-Dieskau that he will be best remembered.

Moore retired from regular concert work in 1967, but continued to record and to appear on special occasions. He wrote and lectured widely; he served as artistic director for South Bank Summer Music, and was a banish spirit in the formation of the Songmakers' Almanac.

#### New Harmonies/Almeida

#### Max Loppert

The third and last concert in the 1987 series of "New Images of Sound" by Music dies). Projects/London was subtitled "The New Harmonies." In a There is also a strongly brief introductory address the Music Projects conductor

Richard Bernas indicated that the four pieces chosen for per-formance—by Tristan Murail, John Casken, Jo Kondo and Pascal Dusapin — all offered a distinct (and notably different) approach to the 1980s reconsideration of harmony. In truth, Gerald Moore, who died on the same might be said of Friday at the age of 77, almost any four works in almost perhaps did more than any New Music concert; but the four here were all worth hear-ing, and so Sunday's concert was a stimulating one — as those by Music Projects invari-

> In the most substantial and interesting of the four, Casken's Vaganza (first played by the same band at the 1986 Huddersfield Festival), the harmonies and forms prove to be a quirky, humorous, finely assorted mixture of past and present. Mr Bernas characterised the work as a suite (but failed to specify

ably are.

fmuch piquantly shrill wind doubling of arabesquing melo-

hinted jazz subtext: in what I took to be the fourth movement, with its spidery tapping-out of percussion against long-held tremolos, the introduction of a saxophone evokes a potent, affectionate fleeting memory of the Modern Jazz Quariet. Even where one fails to divine the overall purpose or "programme," the personal slant of the music and the consistent popular pathway (for blacks)

The Jazz Warriors is an allifire and impetus of the band black big band, practically all of whose members are youngramme," the personal slant of the music and the consistent popular pathway (for blacks)

The Jazz Warriors is an allifire and impetus of the band downstage, notably vibraged the music and the consistent popular pathway (for blacks)

The Jazz Warriors is an allifire and impetus of the band downstage, notably vibraged the music and the consistent popular pathway (for blacks)

The Jazz Warriors is an allifire and impetus of the band downstage, notably vibraged the music and the consistent popular pathway (for blacks) vividness of its imaginative sound-world provide keen

Earlier, Murail's Memoire/ Erosion (conducted by Roger Heaton) had set a solo horn as the protagonist of a chamber-ensemble cycle in which particular harmonic patterns are focussed, built up, and then modified in repetition: a piece satisfying in both sound and shape. I made less of Hunnisuccle by Jo Kondo, a drab series of chorus (but in this series of chorus (but in this piece one sensed a lack of the movements; there was a timbral refinement relative to general paucity of background the other performance); and, information on offer). The ensemble of 12 plus harp and among tygour in the brass writing, timbral refinement relative to plified harpsichord seems to of Dusapin's Hop (British precombine the pungent theatri- miere). But altogether, it was cality of a Welll pit band with a concert sufficiently rewarding the sunburnt harshness of to whet the appetite for "New Falls's Harpsichord Concerto Images of Sound '88."

March 13-19

The Jazz Warriors/Shaw

exhilarating experience.

Spread across the full stage, the 19 musicians plus singer Cleveland Watkiss gave a programme of original material by, among others Courtney Pine, Fayaz Virjy and John Coltrane ("Giant Steps"). The unusual line-up was five saxophones, flute, three trumpets, two trom-bones, tuba, keyboard, two basses, guitar, drums, percus-sion and vibraphone. Every one of them played a meaningful, involved role in communicating the joyful spirit of the compositions. These were often com-plex, with unexpected changes in tempo and rhythm executed

The writing, which is strongly percussive, rivets the attention with its density of texture. Inevitably the instrumentation produces plenty of

popular pathway (for blacks)
of reggae, funk and soul for
the more exciting and challenging avenue of jazz. Formed at
the beginning of last year, the
Warriors is not a full-time unit
but plays whenever circumstances allow. Its concert on
stances allow. Its concert on
Friday evening (one of two last
weekend at the Shaw) was an
exhibitanting experience.

man with the mallets, echoing
modern style of Bobby Hutcher,
son. Echo of a different sort
was heard, alas, on the solos of
saxophonist Courtney Pine
concert was being recorded for
LP release). The much-praised
man with the mallets, echoing
modern style of Bobby Hutcher,
son. Echo of a different sort
was heard, alas, on the solos of
carrier was being recorded for
LP release). The much-praised
man with the mallets, echoing featured, in line with these Warriors who operate as a collective without a single leader, excelled on bass clarinet and sopranino rather than his usual tenor-sax.

Of the many others given solo space tenorist Ray Carless, trumpeter Harry Beckett, by many years the oldest Warrior on stage, and Phil Bent who, unusually, plays only flute — not saxophones, were the most eloquent and memorable. Cleveland Watkiss's seated presence near the saxes, sometimes scatting, sometimes vocalising with the sections, seemed redundant Annoying feedback, always a problem, it seems, when recording as well as in-house equipment is being used, was the only blemish on an evening which clearly left

everyone, musicians included,

### Saleroom/Antony Thorncroft

tonal variations. Much of the in a suphoric state.

#### Christie's goes modern

Christie's has traditionally £1m, are expected for three played second fiddle to figures by Giacometti, to be Sotheby's in the sale of Impressionist and modern pictures. On May 5 the saleroom will But it seems to have stolen a offer "Study for a portrait" by lead in the early months of Bacon, estimated at around 1987. On March 30 it confidently £500,000, and a Mark Rotheo expects to establish as auction. "Vallow, white botheo process." which it will sell in London, New York and Amsterdam over

has spent a lifetime as a banker and as an art collector. Until recently he exhibited his collection in the Banque Lambert in Brussels. The 200plus lots could bring in over 1978 acrylic "\$." There is a
£15m. They include works by
Chagall, Bonnard, Picasso and paintings, including works by Chagall, Bonnard, Picasso and paintings, including works by Delvaux from an earlier period, Kokoschka, de Kooning, Guston, and from Rothko, Stella, Ells- and Woodrow. Also on offer worth Kelly and Morris Louis are contributions from Hock-

expects to establish an auction "Yellow, white, blue over record for a work of art, of over yellow on grey" for about the record for a work of art, or over record for a work of a work or over record for a work of a work or over record for a work of a work of a work of a work of a work or over record for a work of a work of a work of a work or over record for a work or over

seeks to raise £5m in order to hang its wonderful collection the next few months.

Leon Lambert, a great grandLeon of James de Rothschild,
Leon So far £3.5m has been raised, and there are two years left to find the remainder. The auction should help. Among the givers is the late

from the Baron's personal taste. ney, Bridget Riley, Hodgkin, The highest prices, around and Elizabeth Frink.

### Arts Guide

#### Opera and Ballet

WEST GERMANY

Jamburg, Staatsoper: Die Leiden des jungen Werthers, by young German composer Hans-Jürgen von Bose, has Francois Le Roux, Hildegard has Francois Le Roux, Hildegard Hartwig, Albert Domen, Heinz Kruse and David Knutson in the main parts. Elektra stars Christa Ludwig, Gwyneth Jones, Johanna Meier and Hans Sptin. Le Nozze di Figarb is a joint project between Harsburg and Salzburg – Mozar-

Frankfurt, Opera: Benjamin Luxon repeats his performance in the title role of Engen Onegin. Der Freischütz is en event of more than passing interest with Beatrice Niehoff, Susan Roberts, Walter Raffeiner and Manfred Schenk. Der Rosenterslim afforde for the last time. er and Manfred Schenk. Der Rosen-kavalier, offered for the last time this season, features Helena Doese, Gail Gilmore and Aage Hangland. Also in the repertory: Le Nozze di Figaro and La Boheme.

Berlin, Deutsche Oper: Katja Kapano-wa returns with Karan Armstrong, Ruthild Engert, Patricia Johnson Stephen Algie and William Neill. Ai-Stephen Algie and William Netll Aida has fine interpretations by Stefania Toczyska, Glorgio Lamberti and Victor von Halem. La Bohame brings together Raina Kahaivanska, Madelyn Renée, Franco Tagliavini and William Marray, Fidelio, in Jean-Pierre Ponnelle's production has an attractive cast - Deborah Polaski, Barbara Vogel, Gerd Feidhoff, James King - and Heinrich Hollreiser as conductor. The Magic Flute rounds off the week. Cologue, Opera: Tannhäuser, produced by Ernst Poetigen will have its premiere this week. The cast is led by Nadine Secunde, Matthias Hölle, Klaus König, Wolfgang Dren-del, Josef Protachka and Ulrich Hellerich Political Hielscher. Elektra has a perticulary strong cast with Helga Dernesch, Janis Martin, Nadine Secunde, Udo Holdorf and Harald Stamm. Also in the same week Der Barbier von Se-

Carlos features Mara Zampieri, Bruna Baglioni, Jewgenij Nesteren-ko, Giacomo Aragall and Piero Cap-pucilli. Des Rheingold, produced by Nikolaus Lahnhoff, will have its premiere this week. The main parts are sung by Marjana Lipovsek, Na-dine Secunde, Hanna Schwarz, Jodine Secunde, Hanna Schwarz, Jo-sef Hopferwieser, Jan Hendrik Rootering and Kurt Moll. Also Made Butterfly, sung in Italian, with Rai-na Kabaivanska, Gudum Wewezow and Thomas Woodman.

#### LONDON

Royal Opera, Covent Garden: The re-vival of Jean-Louis Martinoty's dis-tressingly over-fussy Ariadne and Name brings back Ann Murray as the Composer, and introduces to London Anna Tomowa-Sintow's Ariadne, Edita Gruberova's Zerbinetta, and William Johns's Bacchus, Colin Davis, returning to the house of which he was until recently musical director, is

Reglish National Opera Colissum: Jon athan Miller's updating of Tosca to the final phase of Mussolini's Fascist rule in Italy is one of his least successful ENO productions. Phyllis Cannan now takes the tithe role, and Albert Rosen conducts. Another Miller reworking, the non-Japanese Mikado, is a much happier show – the whole company plays with great zest, and in leading roles Ann Howard, Susan Bullock, Bonaventura Bottone, and Eric Idle (Ko-Ko) are wooderfully engaging. wonderfully engaging.

all the Arts appears each Friday.

Music/Monday, Opera and Ballet/Tuesday. Theetre/ Wednesday, Exhibitions/Thursday. A selective guide to

Royal Opera House, Covent Garden: Royal Ballet in Swan Lake.

ITALY

filan: Teatro alla Scala: Un Ballo in Maschera conducted by Gianandrea Gavazzeni and directed by Sandro Sequi, with scenery and costumes by Gluseppe Crisolini Malatesta. (809126).

Rome: Teatro dell'Opera: Macbeth, with Renato Bruson in the title role and Shirley Verrett as Lady Macbeth. Giuseppe Patane conducts and Giorgio Pressburger directs; Don Carlo directed by Alberto Eassini (based on Luchino Visconti's production) and conducted by Gastav Kuhn. The cast includes Kata Ricciarelli. Renato Bruson and Luis Liciarelli. ciarelli, Renato Bruson and Luis Li-Genova: Teatro Margherita: The 1983

Pesaro Festival production of Il Tur-co in Italia conducted by Peter Ma-ag with Luciana Serra, Enzo Dara and Alessandro Corbelli (589 329). Bologna: Teatro Comunale: Fidelio. conducted by Rolf Reuter and di-rected by Filippo Sanjust, who also designed the scenery and costumes. The cast includes Ingrid Haubold, Evich Knodt and Reiner Goldberg, (20000)

Palcimo: Politeama Garibaldi: Faust conducted by Reynald Giovaninetti, with Cristina Rubin, Helene Perra-guini and David Rendall. (354334). rieste: Teatro Comunale Giuseppe Verdi: La Fiamma conducted by Maurizio Arena and directed by Carlo Maestrini. (631948).

PAREL

Bellini's I Puritani: The Welsh National Opera's production sets the ro-mantic action against a background manue acuon against a background of fortifications, and towers which evoke the feeling of danger, thus making Elvira's folly credible. Op-era Comique (42960611)

making Kryra's 101ly credible. Op-era Comique (42960611)

Don Glovansi conducted by Sylvain Cambreling in Brussels National Opera production with Jose van Dam, Ashley Putham and Stuart Burrows TMP-Châtelet. (423300) Cinderella alternates with l'Elisir d'Amore with Don Carlo conducted by Lothar Zagrosek with Bruno Bec-ceria/Taro Ichichara in the title role with Daniela Dessi as Elisabeth de Valois and Grace Bumbry as Princess Eboli. Paris Opera (4266 5022) allet Moisseiev celebrates its 50th anniversary with a suite of old Rus-

sian dances - partisan fighters, a day on a boat, a winter celebration. Palais des Congres (47420744)
Dario Fo, with the Netherlands Philharmonic conducted by Richard Buckley. Zehava Gel (Rosina), Frank Lopardo (Almaviva), and J. Patrick Raftery (Figaro) (Mon, Wed). The Netherlands Opera production of Der Rosenkavalier by Richard Strauss directed by John Cox.

Amsterdam, Muziektheater. The Barber of Seville from the Netherlands Opera, directed and designed by Hartmut Hanechen conducting the Rotterdam Philharmonic, with Ra-chel Yakar, John Tomlinson, Susan Quittneyer and Derek Hammond Stroud (Tue) (255455).

cheveningen, Circus Theatre. The Royal Ballet of Flanders with The Idiot (Panov/Shostakovich) (Mon, Tue). The Nederlands Dans Theater with Frankenstein (Kylian/Gru-berk), Wiegelied (Kylian/Berg) and Uccelli (Duato/Respighi) (Thur).

Kindhoven, Schouwburg. The Nederlands Dans Theater with Frankenstein (Kylian/Gruber), Wiegelied (Kylian/Berg) and Uccelli (Duato/Respighi) (Wed). (111122).

Modern American dance performed by Bill T. Jones/Arnie Zane & Co. Mon and Tue in Amsterdam, Carré (225225). Wed in Heerlen, Schouwburg (716867), Thur in The Hague.

Monicipiillo Schouwburg (469450)

Koninklijke Schouwburg (46 94 50).

#### **NEW YORK** ropelitza Opera (Opera House):

The week features Turandot con-ducted by James Levine in Frenco Zeffirelli's production with Eva Mar-ton, Piacido Domingo and John Macurdy; Boris Godunov conducted by James Conlon in August Everd-ing's production with Stefka Mine-va, Martti Talvela, Paul Plishka and Sergei Koptchak; Carmen conduct-ed by James Levine in Sir Peter Half's production with Agnes Baltsa, Gabriela Benackova and Samuel Ramey; and Manon conducted by Manuel Rosenthal in Jean-Pierre Ponnelle's production with Cather-ine Malfitano, Neil Shicoff, David Holloway and Spiro Malas. Lincoln Center. (3626000).





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### **FINANCIAL TIMES**

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Tuesday March 17 1987

### Demography and US debt

TWO OF the most persistently wrong economic forecasts of recent years have been that the German economy was on the edge of a boom—the reward of edge of a booth—the reward of tight fiscal management, de-signed to remove burdens from the private economy—and that the US economy, burdened with debt, would lurch into a dangerous recession. In terms of consumer welfare, this may well prove partly true; German real incomes are at a peak, while in the US retail sales are flat. However, economic activity does not appear to develop according to the rules of a

on the contrary, confidence in the prospects for US industry has been growing strongly in recent months, and is now reflected in a strong surge of orders and a steady growth of output. The con-sensus forecast is that growth. though subdued at the moment, will rise to an annual rate of nearly 4 per cent in the second half of 1987, led by exports and

#### Right direction

In the US, as in the UK, much of this surge of confidence is the result of currency deprecia-tion; and the result, in both cases, has been to stabilise the currency. Although there is still a probably dominant school of thought which holds that the dollar has still not fallen far enough fully to restore US com-petitiveness, the attractions of Wall Street and the current level of US interest rates have been enough to restore the flows of private external finance which faltered for a time during

As a result, investors have also become much less con-cerned about their previous bug-bear — the US fiscal deficit. Where it was once feared that only a savage defiation could correct the excesses of Mr Reagan's tax cuts, it is now ferbiantly the bone that the fashionable to hope that the revival of growth will close the gap in due time. The market does not seem at all demanding does not seem at all demanding about the timetable, as long as it remains satisfied that the trends are in the right direction. Even the news last week that Congress is seriously thinking about slowing down the Gramm-Rudman schedule for deficit reduction caused

analysts question this new com-placency. The US economy may appear to be progressing smoothly, they argue; but this is progress along a tightrope.
US corporations and private citizens are just as bdly over-burdened with debt as is their

burdened with debt as is their government, and they are still more dangerously dependent on steady growth to meet their obligations. Any faltering in the income flow could produce the kind of wave of defaults already seen in the US farm sector and in the oil states.

Consumers, at least, seem by new to be aware of their own now to be aware of their own problems. The growth of consumer borrowing has fallen steeply since last autumn, and consumer confidence surveys now show a very cautious out-

While net savings are still at a historic low, this does suggest that the situation will not become very much more expassed than it already is.

The rise in corporate debt reflects a portfolio adjustment of quite a different kind: the masquite a different kind: the massive substitution of debt for equity which has resulted from the takeover boom. Much of this debt is explicitly temporary, as has been explained in the prospectuses for many recent debt issues; the borrowers plan to square their books through further reorganisation or sales of physical assets.

This does not mean that the whole US economic problem will fade away of its own accord; for once debt is stabilised, the real root problem will become still more starkly visible: the precipitate fall in personal saving. It is this which has most sharply contradicted the supply-side theories which the President has been trying to put into practice, and largely explains the US need for foreign savings (the reflection in the capital account of the current account deficit).

The most reasonable explanation of this trend is demographic: the US retirement boom is much less pronounced than that forecast for Germany and Japan, or even for the UK which has cast such a shadow over policy-making in these countries; but it has happened earlier, If this is the true both reassurance for the near sible financial ripples. future, and a sharp warning All the same, some financial for the longer term.

### The CBI and its members

THE INSTALLATION this week of a new director-general at the Confederation of British Industry, Mr John Banham, has coincided rather unluckily with the defection of one of the CBI's important Midlands-based manufacturing members, Lucas Industries. The company says it is not satisfied with the CBI's ability to represent the manufacturing sector in its dealings with central government; Lucas thinks that on such issues as skill shortages it will do better arguing its own case to government departments than work-

This is not a new problem for the CBL which in recent for the CBI, which in recent years has greatly extended its membership in the non-manufacturing sector, including retailing and financial services; since Lucas has not been especially active in CBI affairs, its departure is probably not a great blow. Moreover the CBI strenuously contests the company's allocations positions to pany's allegations, pointing to several successful programmes and campaigns which have been specifically designed to help manufacturing industry. Nevertheless, the resignation does focus attention on how best companies can get their views across to government and how well the CBI is organised to act on their behalf.

#### Conflicting interests

When the CBI was created in 1965, out of a merger between the Federation of Bri-tish Industries and two other employer bodies, its member-ship was confined to manuship was confined to manufacturing, transport and construction. But the organisation construction. But the organisation construction. But the organisation continuation gradually came to see itself as the spokesman for enough simply to belong to one or more sectoral trade associating and commerce. Over the ensuing two decades it has the ensuing two decades it has attracted support from a wide range of service industries be necessary to invent it. No including banking, insurance doubt if the process was being and the distributive trades; started from scratch, the CBI nationalised industries (some of them now restored to the private sector) were also there be the hewildering array brought in. Although the CBI's heartland remains manufacturing, the widening membership has inevitably obliged pose a Devlin-type reform of

mess was made in the early CBI in particular, it reflects 1970s by a commission of their failure to influence more inquiry under Lord Devlin. The energetically how these bodies Devlin report pointed to a are organised and run.

"mild but widespread discon-tent" with the proliferation of associations in the system. "A businessman." the report said, "can find himself paying out substantial sums to quite a number of different bodies without being at all sure what he gets in exchange." The recommendations included a merger between the CBI and the Association of British Chambers of Commerce to form a Confederation of British Business. It also suggested that the role of trade associations and employers' organisations within the CBI should be increased and that of individual companies reduced. However, trade association structure seems to be even more resistant to change than most other areas of British life. Although some rationalisation has taken place, the great tidying-up which Devlin envisaged did not happen.

#### Common services

Does it matter? At the time Devlin reported (in 1972) there was a more corporatist atmo-sphere than exists in the UK at present. It was widely assumed that employers needed to band together in representative organisations so as to en-gage in a dialogue with government and trade unions. The present British Government has little time for tripartism of this

partism is well and truly over, most companies do find value in belonging to an organisation tions. If the CBI did not exist as an umbrella body, it would be necessary to invent it. No would not be created in exactly its present form, nor would there be the bewildering array

the entire system. But to the conflicting interests among its extent that companies are unhappy with the trade association An attempt to sort out the structure in general or with the

self - sacrifice, biggest steel again staring companies are again staring into the barrel of a gun.
The EEC's 12 industry ministers are to meet in

Brussels on Thursday faced with two fundamentally opposed positions on the steel sector's future. One option is to back the European Commission, which after years of special assistance

and quota restrictions on the types and amounts of steel that European companies produce, wants to sweep away the quotas in a decisive act of liberalisa-

in a decisive act to an action.

The alternative is for ministers to support a plan proposed in some desperation by Eurofer, the club of 22 big integrated steel companies, to remove a further 15m tonnes of the industry's 140m tonnes of annual canacity. In return annual capacity. In return Eurofer wants ministers to postpone until 1990 the abolition of production controls.

Between these two formal positions, there is doubtless room to compromise. Some think the Commission only took such a strong line in the know-ledge that it would force a voluntary capacity - reduction programme out of Eurofer. And while the Commission has And while the Commission has publicly given a very sceptical reaction to the Euroder plan, there have been hints from officials that some extension of quotas might be possible.

But the big issue for minister some of whose governments, notably Chancellor Helmut Kohl's recently re-elected conservative administration in Bonn, are increasingly restive about steel aid—is whether either Eurofer's gentle downward slope or the Commission's sharp step really

commission's sharp step really offers the prospect of stability and strength in an industry which has been in the Community's intensive care departments of the content of ment for almost a decade.

The Commission's case is doubtless in part based upon sheer wariness at the industry's frustrating inability to return to health in spite of the apparatus of protection. But it also reflects a sense that seven years after the inauguration of the Davignon estructuring plan, it is time to allow a freer if still not free market to complete the reshaping process.

There is also a suspicion that
the latest flood of red lak in the

the latest mood of red link in the sindustry's profit and loss accounts has more to do with the shortcomings of the European steel companies' commercial strategies than with the threat from Japan or newly industrialised countries, whose low-cost competition provided some of the impetus for the Davignon plan. In so far as there is an external threat this time round, it is from the US producers, whose export poten-tial has risen with the falling dollar at a time when their home market is still protected against European competition. "I accept that we have lost export markets even more rapidly than foreseen, but I must set limits on those who just want a pretext for unlimited cartelisation," says Mr Karl-Heins Narjes, the Industry

The Davignon plan, he can point out, has already cost member governments Ecu 30bn over 171m tonnes to 140m tonnes and led to the loss of 250,000 jobs. In spite of all this, the industry is still running at only 70 per cent of capacity; the Commission believes it needs to achieve 80 per cent to ensure profitability. EUROPE'S STEEL INDUSTRY

# Another crisis, another plan

By Peter Bruce, William Dawkins, Nick Garnett and John Wyles

ever, the Commission will not be arguing its case in isolation. Its most obvious allies in seek-ing a market-based solution are the steel consumers, already anjoying a fitful price war. They argue that the competitiveness European manufactured ds in foreign markets requires lower steel prices.
Equally threatening to the Eurofer case is the fact that it speaks for only 60 per cent of EEC steel production and a number of the non-members (although by no means all) are keen to see an end to quotus. The smaller scale, independent steelmakers of Brescia, in northern Italy, for example, who make steel from scrap in

The detail of Eurofer's plan for a 15m tonne cut in capacity has been worked out with the aid of accountants Peat Marwick. In return for the closures, Eurofer wants an unspecified amount of cash for compensa-tion and the continuation of tough import controls against non-EEC steels.

Eurofer's capacity cuts would be shared out through volun-tary closures identified by Peat Marwick during a tour of 35 steel producers. Thirteen of those are non-Eurofer members. Just how much is being

EUROPE'S steel industry has been subject to government control since the formation of the European Coal and Steel Community (ECSC) in 1954. This aimed at dismand-1954. This aimed at dismant-ling internal barriers to free trade in steel, outlawing discriminatory pricing and banning state aid except in cases of "manifest crisis." There has since been a series of attempts by the EEC and steel producers to regu-late the industry, columnating with the Perionna crisis.

with the Davignon crists regime in 1980. Named after Viscount Etlenne Davignon, former Industry Commis-sioner, that was designed to help the industry restructure its way out of its worst re-cession since the launch of the ECSC, at a time when

scrapping quotas entirely by the end of the year. Eligibility for aid has, since late 1985, been consined to areas such as en-

much new capacity had come into production.

Davignes permitted state aid only in return for

provises of capacity cuts, set production quotas for 85 per cent of Community Steel out-put and stipulated minimum.

prices. The Commission now believes that the industry has

recovered enough for the regime to be wound down and has reduced the propertion of output subject to controls to 66 per cent, with the aim of

vironmental improvements and research and develop-

ible, low-cost process — are longstanding opponents of the quota system, along with a few minimili operators in other parts of the Community. In spite of or perhaps because of the vigour of the case against it, Eurofer has acted with a co-

electric are furnaces - a flex-

herence and decisiveness which have not always marked its behave not always marked its behaviour. The Commission's plan will be a disaster if it goes through, says Mr Sergio Magliola, managing director of Finsider, the Italian sate steel company. "We shall have wasted all of the work of the past few years."

More subtly, Mr Phillippe Choppin de Janvry, inter-national operations director for Sacilor and Usinor of France, makes the case for a transfer of the Davignon restructuring pro-

"No longer can you reshape the European steel industry with decisions made by a few technocrata in Brussels. That worked a few years ago. But

closely guarded secret, as is the split between Eurofer and However, the largest category

offered up for sacrifice from the 15m-tonnes total is wire rod, ironically one sector where independents are dominant and where 3.9m tonnes of closures are identified. But the plan's biggest weakness is that it does not at this stage mention any cuts in hot rolled coil output, where overcapacity is heaviest but which is most difficult to close because the sector includes the largest steel plants

in Europe.

Dominated by Eurofer members, hot rolled coil is the source of steel sheet for cars and white goods and is now the subject of urgent negotiations between producers and govern-ments in a final bid to earmark

difficulties, even assuming that Eurofer members can agree with each other and with national governments on acceptable candidates for closure. The now that we have given up our most obvious is the social and pound of fiest, any more cuts regional impact of steel chowill be right at the heart of the company. That means that if Davignon plan from the start.

we are to make more reductions, we need a more co-operative ample, half the group's 25mties at Sollar and Dunkirk, in north France, and Solmer, near Marseilles. This makes it difficult to ease the impact of job Likewise in Italy the most

logical rolling mill to close is the Bagnoli plant in Naples, since it is operating at half nominal capacity. But Naples is an area of chronically high The politics of such cios

are clearly problematic. Wast Germany's Searstahl is probably protected by its location in an area of industrial devastation offered by each company is a and high unemployment; equally, though, there is no doubt that the Bavarian govern-ment would fight, probably with equal success, to save Kloeckner-Werke's Maxhuette works, which with 1.3m tonnes a year of raw steel capacity is often cited as an ideal candi-date for closure since it competes chiefly against the efficient Bresciani in the market for con-

(Elsa), representing 70 small, mainly Italian companies, has already branded Eurofer's plan

But all this begs the question of most fundamental import-ance; will the European steel industry, even with a further 15m tonnes of capacity removed, genuinely be in a position to stand on its own feet in 1990,

cuts by about 5m tonnes. Most of these cuts, the Commission says, are needed in products where Eurofer members are dominant—hot rolled coil and merchant bars, used in the engineering and construction industries. No one," snape Dr Heinz

Kriwet, chairman of Thyssen Stahl, the biggest German pro-ducer, "neither the Commission nor national governments can say how much over-capacity exists in steel." Thyssen, which is heading for losses this year after two years of healthy 6,000 job cuts in its plate and wire rod divisions.

The Germans' despest fear is that the Community will dismantle quotas at a speed which will cause such alarm in some member countries, that there will be a renewed rash of back-door and illegal national sup-

struction industry steel.
When it comes to non-Eurofer

The European Indepen-Steelworks Association

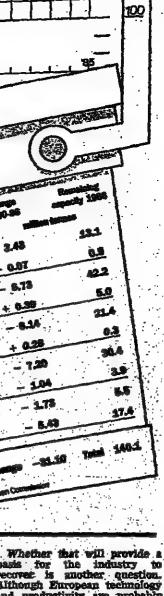
place. With the anti-subsidy FDP influence in Chancellor's Kohl's coalition strengthened since the January election, they worry that Germany will disarm in steel at a time when REC competitors are rearming with stand on its own feet in 1950, when Eurofer agrees quotas should end? Or is the Community being asked to underwrite another costly round of protection, which will lead later in the decade to yet another? The Commission's blunt answer is that Eurofer has underestimated the need for early by about 5m tonnes. Most new subsidies.
"The federal shows no interest in providing the German steel mainstry with financial support," says Dr Gerhard Cromme, chairman of

Gerhard Cromme, chairman of Krupp Stahl.

Britain's independent producers, still weak after a decade of dramatic reorganisation, share this fear of an unsympathetic government.

"Subsidised European competitors could make mincomeat of our members," says Mr Ianl Blakey, director of the British Independent Steel Producers dent Steel Producers

Association.
Whether the Community and indeed the Commission really have the stomach for a return



€:

port schemes for steel of the kind which prompted the Davignon scheme in the first pasis for the industry to recover is another question. Although European technology and productivity are probably now close to the standard of costs are higher than those of competitors in other newly in-dustrialised countries. The very surfeit of global steel capacity guarantees that there will be no early move to dismantle European trade barriers

against foreign steel.

In the short term, however, the big players in the industry do at least, in the Eurofer plan, appear to have accepted the need to take responsibility for further restructuring.

They are also pinning their hopes on a round of price in-creases planned for April 1. These will show that the big west European producers are perfectly capable of agreeing on pricing policies appropriate to their costs," says Dr Kriwet. With prices for most types of steel now between 10 per cent and 25 per cent helow the clandestine subsidy war must cent and 20 per cent below the be a matter of considerable target prices set by the main doubt. It is more likely that faced may seem a forlorn hope. Perwith an industry-sponsured haps Dr Kriwet overlooked the continuation of the Davignon process, ministers will prefer the prospect of the gentis my statement or event of the decline rather than the sharp morning is certain to be expected by morning is certain to be approximated. by noon as a hosz or a fancy.

17 17

#### Bozer tries to talk Turkey

Turkey's efforts to join the European Community are being stepped up.
I hear from Ankara that an

application for full membership will probably be made before the Danish presidency of the EEC starts in July.

That does not, of course, mean that the Twelve will be-came the Thirteen in quicktime. Some 10 years elapsed between the filing of member-ship applications by Spain and Portugal and their eventual admission. But there is a feeling that a less ponderous time-table might be written for Turkey in view of its exposed osition as the eastern bastion

Back in Ankara, Ali Bozer, Turkey's minister for relations with the European Community, must be feeling that his own relations with the Turkish Foreign Ministry could do with some improvement. Last December he was dis-

patched to the capital cities of the EEC, on the eve of the Christmas holidays, with the



"Judging by the crime figures

#### **Men and Matters**

trailed from country to country that his visit could not have been worse-timed. Now Bozer, who has a staff of just two as his ministry, has received an even more galling

Staying together Desmond Quigley, until recently a director of Streets financial, the City public rela tions group, has been given the ultimate compliment by one of his clients, British & Common-B&C, which is rapidly being turned into a broadly-based financial services and industrial group by its new chief execu-tive, John Gunn, yesterday said it is taking a 25 per cent stake in Quigley & Associates, the financial consultancy estab-lished by Quigley last October. Gunn is continuing his policy

of backing people who worked with him in his early days of

establishing Exco International as a major UK money broking

group. Quigley advised Gunn then, and stayed in touch after

Gunn quit Exco in a board-

Journalists covering a meet

ing in Ankara of Turkey's ambasuadors to EEC countries, a meeting intended to co-

a meeting intended to co-ordinate policy about an early application, were intrigued to see an empty chair. It was there for Bozer—but the foreign ministry had failed to invite

however, in spite of less whole-hearted co-operation from his colleagues than he might wish-

he risks getting mugged before he gets to the

thankless task of trying to convince the 12 of the case for Turkey's entry

He was told in rather less than diplomatic terms as he ments by B&C which have taken it into advertising, leasing finance, and stockbroking.

Quigley, aged 39, says B&C will remain at arms length from its investment, which numbers Barings, the merchant bank, Harrisons & Crossield, the trading group, and printers St Ives, smong its clients.

#### Lee's new face

Martin Lee, the Hong Kong barrister, legislative councillor, and civil rights champion, has staked his claim in the last few days to being the unofficial leader of the colony's fledgling

political opposition.

The history books may remember him as the man who introduced adversarial politics into the once comfortable world of consensus politics that has been the pattern for Hong Kong Mainland Chinese officials in

the territory, who already are anxious about the possibility of direct elections coming as a result of electoral reforms have result of electoral reforms, nave been watching the recent developments with chagrin.

The consensus system has been to their liking, Indeed, they have signalled that they would prefer the system to remain intect beyond 1997 when better remains accordingly of Peking regains sovereignty of

the territory.

Lee's opposition group is, as yet, quite modest. Just eight other legislative councillors voted with him the other day out of a council of 56 members. But the emergence of a defined minority group is an important development in its own rightand their skills in fillbustering

have already been shown to be formidable. They forced a full vote in the chamber for the first time in the council's recent history.
The occasion was a long and

often vitriolic debate on a bill that some thought might, in the future, be used as a gag on the press. Knives were out on all sides—with personal attacks, purple prose, and a great deal of playing to the gallery.

One observer was moved to

say it was more in the West-minster tradition than that of Hong Kong where, until now, saving face has been allimportant.

#### Healey's rocket

Richard Perle, the Pentagon hardliner who resigned last week, has long had a quibble with the British Labour politician Denis Healey for the suggestion that he, Perle, was known throughout Washington as the Prince of Darkness. Not so, says Perle-that sobriquet was first coined for Robert Novak, a well-known journalist. But by dint of repe-tition by Healey and others the

name came to stick fast to

Perie, however, has always been adept at geeting his own back. By way of illustrating Healey's flexible track record on nuclear weapons he recently regaled British journalists with a story about Healey as the incoming Labour defence minister in 1964. Healey demanded to know how much had been spent on Polaris. "Ten per cent, min-ister" said the civil servant. "Just as I thought," said Healey. "Past the point of no

Party's over now Meanwhile, two Labour Party members of Parliament have been overhead commiserating

Healey, return.

with each other over recent reverses, "Call it a party its turning into a wake . ." Observer

### THE HISTORY OF BRITAIN **ACCORDING TO** PUNCH? THEY MUST BE JOKING.



FOND AND FOOLISH Angeline: "YES, DARLING?" deng, daring. Only <u>daring</u> daring!"

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The second secon

THE GOVERNMENT'S image ris of a manufacturing industry reborn—underpinned by a pro-ductivity miracle and poised to win back long-surrendered over-seas markets to plug the 160m gap left in Britain's trade balance by a collapsing oil price.

4. mg/27. - 4 6 41 6

It is a picture that has been nurtured by the "booming Britain" stories which have greeted recent upbeat surveys from the Confederation of British Industry and the Institute of Directors.

There is no doubt that times are better: manufacturing output is rising strongly; profits are buoyant and export prospects in particular are looking up as a result of sterling's fall.
On the ground, however, the image has a different focus. The captains of industry have been 100 starred by memories of the early 1980s to indulge in easy euphoria. Overall manufacturing output is etill exercise. in tasy culturas overall manufacturing output is still around 5 per cent below its 1979 level. Unlike politicians and economic forecasters, industrialists seem

unwilling to project their pre-sent good fortune into an indefinite future.

The undoubted recovery in confidence as order books begin to fill is still tempered with caution; it has yet to translate into ambitious arrestics place

caution; it has yet to translate into ambifious expansion plans. The boom in London and parts of the South East takes on a different perspective in Leicester or Burnley.

Of course, many of the themes are the same—a welcome for the pound's depreciation, complaints about high interest rates and under hand protectionism in Japan and Europe, support for the Government's progressive weakening of trade union power.

Rationalisation, demanning, replacing men with machines is seen as inevitable and necessary progress; the failure to do so in the 1960s and 1970s as in large part the cause of the subsequent collapse. It is almost as if the enforced dieting of 1980 and 1981 has brought enorsita in its wake. power.

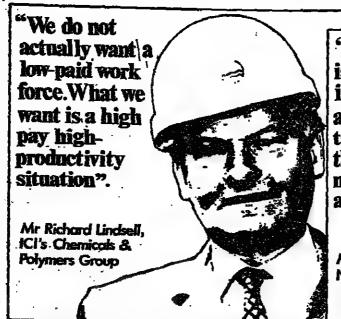
But it is on the key issues of pay, productivity and investment that the message from conversations with a dozen or so industrialists is most interesting—and most at odds with the current wisdom in Whitehall.

It is striking here fore meanly

It is striking how few people in manufacturing industry are prepared to blame the Government for the massive shake-out of the early 1980s, when Britain lost around 15 per cent of its

manufacturing output.
The view now is that although the surge in the exchange rate was the catalyst, much of the rationalisation was probably inevitable—a necessary penance for the excesses of the previous

By the same token industri-alists seem little inclined to heed the Government's advice on how to run their businesses now. Those like Mr Nigel Lawson, the Chancellor, who believe that economic salvation lies in lower pay deals and more labour-intensive production find from echoose in commune boards. few echoes in company boardWith the Chancellor poised to deliver a 'booming Britain' Budget speech, Philip Stephens discovers that the view in the manufacturing heartlands is more cautious, even contrary



Richardson Sheffield, one of

the few surviving cutlery pro-ducers, paid its shop-floor workers an extra 6 per cent

in a settlement covering just nine months of last year.

ing director, does not see that as a mark of failure or manage-ment weakness—rather a reflec-tion of Richardson's ability to thrive in a highly competitive

"We have to be fair to our workers. A business without workers doesn't run. You have to look after people without being silly," he says. And since Richardson, with markets in 90 countries for its easer kitchen knives, has just picked up another Queen's award for arount it is hard to argue.

export it is hard to argue.

export it is hard to argue.

The company's production workers are in any event hardly overpaid. The lower grades are on around £90 per week. At those sorts of rates, Mr Upton says, he has to take account of things like the recent tripling of Sheffield's bus fares.

This rather strange blend of morality and self-interest in the minds of industrialists surfaces again and again.

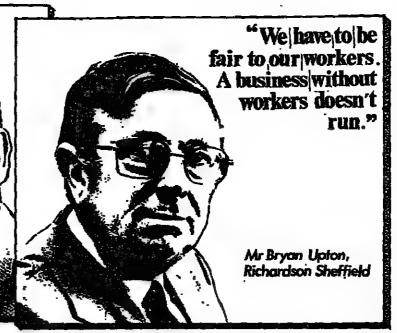
minds of industrialists surfaces
again and again.
Mr Tom Clark, once dubbed
Mr Wonderful by Mrs Margaret
Thatcher and the recent victor
in a bitter strike as chairman of
Silentnight, gives a typical
response. The company's main
operations in furniture and bed
wonderfun are clustered around

production are clustered around Colne in Lancashirs, an area

Mr Bryan Upton, the manag-

"The level of investment is too low. Industry is revaluing old assets through takeovers rather than pumping money into new assets".

Mr Christopher Haskins, Northern Foods



# Not yet a time to rejoice

He says that he would even-tually like to see pay deals linked entirely to productivity but in the meantime he has to be realistic. "I would like to see settlements lower but we cannot afford to lose labour."
Though classed as unskilled, the bulk of Silentnight's workers could not be easily replaced from the dole queues without losses in productivity.

A thread running through virtually every interview was the need to improve the quality

of the workforce, "We pay com-petitive rates to attract the right quality of workers. There is a continuous process of going for a higher quality of employee," says Mr Lindsell at ICL The C & P division's 39,000

workers have seen their earnings rise in line with the industrial average over the past few years—2 or 8 points above the inflation rate. That does not seem to be a cause for concern because of the parallel strides

in productivity.
The link between pay, upgrading skills and productivity

is apparently unbreakable. For Leamington-based clutch and most industrialists, productivity brake manufacturer, has more means two things—fewer than halved its workforce to workers and more investment, under 4,000 in the past eight Mr Christopher Haskins, chairman of Northern Foods, puts the case succincily. "As a principle there is nothing wrong with paying more than the inflation rate . . If you are profitable and progressive you should pay more. It is the quid

pro que for rationalisation, for reducing numbers." that although earnings have been rising strongly over the past few years, the level of wages in Britain is still signiwages in Britain is still significantly lower than in most of its main industrial competitors. In Mr Haskins' mind it is the investment gap betwene Britain and other developed countries that counts. "The level of investment is too low. Industry the recognitive old agent through investment is too low. Industry is revaluing old assets through takeovers rather than pumping money into new assets."

More investment is seen as a

key to generating more produc-tivity gains. In a sense the pro-ductivity "miracle" of the last few years was the easy part-much of it can be attributed to shutting inefficient capacity and shaking out the overmenning of the 1970s.

If industry is leaner and fitter now, then raising productivity will depend much more on more efficient production methods, on investment.

years.

Alongside has been a surge in productivity growth, although output is still perhaps 20 per cent below 1979 levels. Mr Peter Crawford, AP's managing director, believes that maintaining the same pace of advance will now depend on increased capi-tal spending. "If this Govern-ment wants to help industry to get off its backside it should really help it to invest."

Industrialists are not, however, unaware of the need to invest wisely as well as substantially. Mr Allan Nightingale, managing director of Courtailds Textiles Group, has chilling memories of his company's mis-takes in the late 1960s and early 1970s. Courtaulds' philosophy then was that if you threw money at it you could do anything. Only one of five new factories built in those heady days is now in operation, and that at half capacity.

Courtaulds is still investing— to the tune of £40m or £50m a year in the case of the Textiles Group—but there is no longer any lilusion that simply producing more guarantees a

Mr Topham Brinton, the chairman of Brintons, tells a similar story about Britain's carpet industry, which during the 1960s and 1970s put mas-

sive investment into the then new technology of tufting. Despite the huge capital out-lays, much of the industry crumbled in the face of foreign competition, with the number of jobs falling from 45,000 in the early 1970s to around 15,000 now. "Under no circumstances can it be claimed that there was under investment . . . there was too much of the wrong in-

vestment." Mr Brinton says. In all this, the unemployed seem outside the equation, some-thing for Government, not industrialists, to worry about "Our role is wealth, not job creation," one company executive said, though he was reluctant to be quoted by name. Bridgeport Machines in Leicester is the most successful

company in what remains of Britain's once - dominant chine-tool industry. Like Richardson it has just picked up a Queen's award for exports. Mr Arthur Aldridge, the managing director, says that the fall in the exchange rate means that "as far as exports are concerned current conditions could not be better." Its workforce though is still around 15 per cent lower than in 1979 and, says Mr Aldridge, barring a massive expansion, there is little prospect of the company taking on extra workers.

The message is the same at ICI's C & P Division, which has

already shed around 40 per cent of its workforce sinc e 1979. It is hardly surprising that companies which have spent the last six years trying to squeeze their cost bases are shy about beginning to rebuild them. But their approach is not simply negative. The seemingly accepted truth is that only increased efficiency and higher productivity will provide a basis for future growth in output-and (admittedly at the end of a very long tunnel) more jobs. For the shorter term the most crucial question is whether companies have the confidence to take the fall in the exchange

rate as an opportunity to achieve a step-change in the level of output Mr Crawford at Automotive Products says it takes around 18 months in the car com-ponents industry for an ex-change rate fall to translate into higher orders. There are firm signs, however, that the car

industry giants are beginning to switch sourcing to the UK. Mr Nightingale at Cour-taulds sees the pound's fall against the D-mark as presenting a real opportunity for the company to boost sales in Europe and to claw back past losses in the domestic market. Rebuilding markets, how-ever, will take time, increasing capacity just as long. What industrialists want, as Mr Nightingale puts it, is: "above all a period of stability."

#### Dealing with nominees

From Mr G. Simon Sir, - The Commons Select Committee investigating the Westland affair has criticised the inadequacy of the Stock nominee shareholdings and recommends that the Government should introduce early legisla-tion to require prompt dis-closure of the identity of those controlling the voting rights of

The chairman of the Stock Exchange has also criticised the Government for failing to amend the Companies Act. But. in fact, there is no need to amend the Act since the law already gives ample power for a company to alter its articles of association to enable directors to deal with the sort of the sort of an articles of association are blank three sort of the non-disclosure problems faced by the directors of Westland.

Some years ago a company with which I was concerned took advice from leading counsel as to whether the articles could be amended to include provisions - disentranchising shares vested in nominees where the ultimate beneficial ownership was concealed or which seemed to be part of an undisclosed concert party. Counsel advised this was per-fectly proper and lawful.

fectly proper and lawful.

The Stock Exchange took the view that to enforce disclosure requirements in this was was unacceptable. It was also unacceptable to embody within the articles provisions which would disenfranchise shares in the hands of people who had breached the requirements of the Take-Over Code.

It was further thought un-

the Take-Over Code.

It was further thought unacceptable to require shareholders who failed to comply
with the disclosure requirements to reimburse the company its costs in trying to discover the real beneficial ownerthin of charge

ship of shares. Since it is perfectly possible Since it is perfectly possible to incorporate provisions in articles to deal with the question of disclosure of beneficial interests and of concert parties, I would have thought it would present no difficulty to the Stock Exchange in agreeing a model form to be incorporated in the articles of all companies whose shares are dealt in on whose shares are dealt in on exchange if the shareholders of those companies wish to adopt them. It is difficult to understand why the Stock Exchange objects to such provisions being objects to such provisions being incorporated since they are no more than an extension of the existing provisions incorporated in the articles of many com-panies which disenfranchise shares where the holders have snares where me noticers have failed to disclose beneficial ownership. On that subject, the case in Re. Geers Gross (re-ported on March 3) has made an important point in deciding that once shares have been dis-enfranchised, they stay disenfranchised until the required information has been disclosed. normation has been discussed of the robotic lines for the

#### Letters to the Editor

necessary machinery for dealing with non-disclosure it is for the Stock Exchange to at 18 for the Stock particles of association to make the machinery available. G. M. Simo

"We do not actually want a low-paid workforce. What we want is a high-pay, high-produc-tivity situation" is the com-ment of Mr Richard Lindsell, the chief executive officer of ICTs Chemicals and Polymers

(C & P) group. It is one that is heard time and time again.

Mr Lawson's decision in 1984

to dilute the incentive to invest provided by 190 per cent first-year capital allowances is viewed by the majority as Luddite, the Government's strictures on annual pay deals as out

of touch with the marketplace.

And that market-place apparently no longer includes the bulk of the 3m or more people out of work.

No one of course admits to

No one of course admits to wanting to pay their workers more than they need to, and most talk of the more realistic environment bred by the weak-ening of trade unions which accompanied the recession. But industrialists can still find a myriad of reasons why they continue to give their remaining employees increases two or three percentage points more than the rate of infiation.

48, Temple St. Birmingham.

Balance of payments

From Mr G. Davies Sir.—Samuel Brittan (March 12) is wrong to argue that many, like ourselves, are "cry-ing woif" about the UK's belance of payments.

It may well be that the official figures understate invisible earnings. It is these figures, however, that the markets, and perhaps the electorate, tend to watch. The poor trade figures of May 1970, for example, are thought to have played a major part in Labour's loss of the June General Election. Subsequent revisions now show that the UK had a substantial £800m corrent account surplus in 1970

what is really of concern is that the Government's medium-term financial strategy has nothing to say about the current account. It assumes it to be, is some year saff-correcting in some way, self-correcting Thus, the authorities are not ostensibly equipped for the re-

ostensibly equipped for the return to recurrent balance of payments problems.

If the UK is then taken into the EMS we will have a return to a "fixed" exchange rate regime. And it really will be time warm back to the 1960s! a time warp back to the 1960s Glenn Davies, (Senior Gilts Economist), Alexanders Laing &

Assembly lines

Cruickshank. 7 Copthall Avenue, ECA

from abroad

From the Managing Director, Lamb-Sceptre Design Centre.
Sir.—I feel I must reply to
the article by John Griffiths
(March 10) headed "Jaguar
buys £50m car assembly lines
from Italian group." The Jaguar spokesman is quoted as saying: "The only time we go abroad for equipment is when it is not

acquirable in the UK."
Having worked in the UK tooling industry for 31 years I consider this is a slur on the many good companies within the UK There was no large-scale approach to the many UK companies that could have supplied the equipment. These companies have supplied most

largest European van produc-tion, both for the UK and abroad. They have a high reputation both at home and abroad. My company has recently supplied a complete body in white flexible guided vehicle plant to boild a new luxury car in the US, besides building complete plants to build Japanese cars, nost of our tooling being manu-factured in the Coventry area.

Ag the president of the
Machine Tool Manufacturers'

Machine Tool Manuracturers' Association stated at last year's amual dinner, "Our industry ean only compete by having a strong home market." Comman being a subsidiary of Fiat has that home market.

While congratulating Jaguar on its present success, I would like to point out that the industry that it criticises has had to survive without considerable debts being written off prior to privatisation. N. B. Pigott.

17-19, Raynham Road Industrial Estate, Bishop's Stortford, Heris.

Picturesque From the Chairman, Claridge's Hotel

Sir,—I believe I am right in saying that the City Corporation is the owner of the freehold of is the owner of the freehold of the area in Mayfair, which was the subject of Colin Amery's recent article, because it was originally the route by which water from a source north of

water from a source north of Oxford Street was conveyed to London (now the City of London), witness the names of local streets like Brook Street and Conduit Street.

This area acquired its old world charm and usefulness because for so long it was left undisturbed, perhaps because so many of the leases were perpetual, which made substantial redevelopment difficult to accomplish; but although the accomplish; but although the length of tenure was eventually sitered to avoid perpetuity, new leases were often for an immense span of time, up to 2,000 years.

The advantage to the com-munity of this state of affairs has been to preserve for present, and many hope for future generations, an area right in the centre of fashionable London that has a character all of its own, which provides a lively contrast to its surroundings, offers shelter to individual craftsmen and enterprises rich in variety, at an acceptable cost to them, and provides useful services to surrounding trades and businesses.

It is understandable that there should be pressure today from certain quarters to change all this, but, if it occurred, London would lose a charming valuable and picturesque area, full of character and variety. Certainly, if this were to happen, it would not be welcomed by Claridge's which con-ducts nearby its international business, as it has done on its present site since 1814. (Sir) Hugh Wontner.

Would workfare

From the Director of Statistical Research, Unemployment Unit

from a manufacturing to a service-based economy. And that lots of service jobs (even if "less desirable" and a "little distance from home") are there

Even the most easual glance at the figures regularly published in the Department of Employment's Labour Market Statistics press notice would show him that job vacancies are simply not there for unemployed people to go into. Taking the department's assumption that official vacancy figures only represent a third figures only represent a third of those really existing in the

Figures for the 1985 Labour Force Survey, showing the num-ber of people who are available

Obviously the situation is exacerbated in places by skill or local mismatches, where unpaid government schemes and benefits.

work?

Sir, — Joe Rogaly's advocacy of a UK workfars (March 12) appears to be based on the be-lief that unemployment is the result of Britain's transition

waiting for long-term mem-ployed people if only they could regain their motivation. Even the most casual glance

economy, we see that six unemployed benefit claimants are chasing every non-community programme vacancy. In Scotland eight claimants are chasing

each vacancy.

Even this overlooks the fact that the large majority of un-employed benefit claimants want full-time work while many vacancies are for part-time

for work and who stated that they'd like a job if one was available, suggest that the demand for jobs onistrips supply by as much as seven times nationally — 10 times in Scotland. land.

employed workers either have the wrong, or no skills, or live in the wrong place for the available jobs. Given intelli-gence and political will, these problems can be overcome. But they are trivial compared with the hard fact that there still is nothing like the required number of jobs - in the commonly accepted sense of working pro-viding at least enough income to keep a small family housed fed and out of poverty. Low voluntary work don't fill this role any more than do state (Dr) David Taylor.

9. Poland St. W1.

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### FINANCIALTIMES

Tuesday March 17 1987

The closer you look at City Offices the more 01-236 4040 St Quintin

HYPERSONIC AIRCRAFT WOULD CROSS ATLANTIC IN AN HOUR

### French plan 3,800 mph airliner

by George Graham in Park

FRANCE is working on plans for a take a stake in a future generation hypersonic aircraft which would much aim at launching into space rather tances of up to 7,500 miles at five not come to fruition until well into than simply at flight within the line would reach 600 degrees Celaration aim at launching into space rather than simply at flight within the line would reach 600 degrees Celaration aim at launching into space rather than simply at flight within the times the speed of sound (3,800mph or mach 5) - two and a half times as fast as Concorde. At that speed the new airliner could cross the Atlan-

owned rocket and aircraft producer, is to unveil its outline plans for the hypersonic airliner at the Le Bour-

The French company hopes to build on its experience in the construction of the Concorde supersonstruction of the Concorde superson-ic airliner and the Ariane rocket to ever, is more modest in its aims

the 21st century.

any eventual consortium which Aerospatiale, the French state—might build a hypersonic airliner.

The US already started research on its "Orient Express" project for a hypersonic airliner, while the Brit-ish Hotal aircraft and the West Ger-

By unveiling its preliminary studies at Le Bourget, Aerospatiale is seen as staking its claim to a role in craft would weigh 300 tonnes, nearly twice the weight of Concorde, carry 150 passengers and fly at an altitude of between 80,000 and 98 000 ft.

Aerospatiale said yesterday it still had a number of technical problems to resolve before the hypersonic airliner could become a

In addition, Aerospatiale would have to develop its existing ramjet technology to give 20 to 25 tonnes of thrust, about 15 times more than existing models, and solve the problems of aerodynamics, air intake and pilot control.

Although the Aerospatiale sketch stands halfway between Concorde and the more ambitious Hotol and Saenger projects, engineers say that it will not be a lineal descendant of Concorde. In particular, the realistic project. Among these is the prospect of a long range super-Conheating of the aircraft structure, corde is viewed as improbable.

### Hachette and Bouygues battle over TF-1

BY PAUL BETTS IN PARIS

THE BATTLE for control of TF-1, by the beginning of next month.

France's leading state television Mr Bouygues claims that Ha-France's leading state television network which is to be privatised in the coming weeks, has turned into a the country's largest publishing group, and Bouygues, the higgest French construction group.

Mr Francis Bouygues, the chair-man and founder of what is now the privatisation rules, the Government world's largest construction group, with annual sales of FFr 45bn (\$7.5bn), has filed a formal com- for FFr 3bn. The remaining shares plaint against the Hachette bid for will be sold to the public, with 10 TF-1 with the newly constituted French communications commission, CNCL This body is now study-ing the two rival bids for control of TF-1 and is due to make a decision Nationale de Paris (BNP), the coun-

chette has breached the competition rules for TF-1 by not complet-ing its group of financial and business partners hoping to acquire control of the network by the time the official deadline for bids ended is offering 50 per cent of the net work to a consortium of investors per cent reserved for employees of the network.

struction magnate claimed that BNP's inclusion in the Hachette TF-1 investor group was "unacceptable" since BNP was also acting as one of the banks advising the Government on the privatisation of the

However, the CNCL has now ruled that BNP will not be able to take nart in the Hachette consortium bidding for TF-1.

Although BNP has withdrawn from the Hachette consortium. Bouygues claims that Hachette could have had privileged information over the bidding contest because of

try's largest commercial bank, in BNPs role as a government advis-the Hachette consortium. The con-er.

The Hachette group reacted ang-rily to the Bouygues attacks. Mr Jean-Luc Lagardere, chairman of both Hachette and Matra, the statecontrolled defence and electronics group, suggested that Mr Bouygues was attempting to discredit Ha-chette's bid by intimidatory lobby-

Bachette has from the beginning been seen as the frontrumer to gain control of TF-1. The publishing group has long said that it wanted to develop a major presence in television broadcasting. The Hachette bid is also said to be generally fa-voured by Mr Jacques Chirac.

### Former Arab finance UK Tories to woo chief guilty of fraud budget beneficiaries

nairman of the Areb Monetary Fund, was yesterday convicted in his absence of charges of embezzlement by a court in Abu Dhabi and criminal action." sentenced to 79 years in jail.

nior sides at the fund who were also absent from the trial, were ordered to return \$80.5m to the AMF, multilateral pan-Arab institution ased in Abu Dhabi, the capital of the United Arab Emirates.

es of precious metals.

Mr Jalai Awhan received a 79 34 years. All four originate from

Iraq.
The amount the court is trying to reclaim is made up of \$70m alleged

Mr Samir Abdel-Latif Rajab, a Jordanian accountant was given a two-year sentence. Mr Tefiq Ibrahim, another Jordanian, who was a manager at the fund, was acquitted, along with Mr Tewfiq Ayyoub, the partner in charge of the Abu Dhabi replaced by Ernst and Whinney. The men convicted "stole the Ar-

Continued from Page 1

assets and cash flow of the target

limits on the holdings of junk bonds by federally insured financial

a study of the "environmental

impact" of a takeover on its local

penal taxes on payments of greenmail, which are bribes to

corporate raiders to drop takeover

bids and are seen as encouraging

the raiders. There are also propos-

MR JAWID Hashim, the former am al Serraj said in passing sentence. 'It is a matter of regret and sadness that the fund entrusted with Arab money was subjected to

When the trial started in private Mr Hashim, and three of his se- in the autumn of 1985, Mr Hashim was residing in the UK, which has

is understood to have been raised in bilateral contacts. However, it is be-The court was told the men used lieved Mr Hashim now lives in Canthe money to finance their own pur- ada and is carrying a Brazilian

In statements made by his attoryear jall term, Mr Mahdi Salem al neys, Mr Hashim denied all frand small amount was lost through legi-

cial Times in October 1985, Mr to have been ambezzied plus accu- Hashim said that he decided against disclosure of the losses because of the political damage which would be caused.

the board, dismiss those responsible and make a hig fuss or settle the matter in a quiet, dignified way." He claimed that the charges had offices of the AMF which acted as been the result of a "political plot" its auditor until 1983 when it was and a failure to understand the workings of the fund.

He also claimed there were diffiab Monetary Fund's money and culties over recruitment of high forged its document," Judge High-quality technical staff

By Peter Riddell, Political Editor, in London

distribution of leaflets, a major propaganda operation by Mrs Margaret Thatcher, the Prime Minister,

timate bullion deals."

In an interview with the Finan-

House Energy and Commerce com-

lowing the law." Both agenda-set-ting committees are considering technical adjustments to disclosure requirements which could make it

harder for a person to exploit inside

"We're interested in people fol-

BRITAIN'S Conservative Party mail exercise later in the we plans to exploit today's budget by when it knows the full details of the sending out 1m letters over the next budget measures. The strategy is to few weeks to potential beneficia-ries, including home owners and ters regarded as sympathetic to the

This forms part of a co-ordinated ampaign to build on what Conservative leaders believe will be the favourable impact of the budget in the run up to either an early summer or aniumn general election. Other activities include the mass

and seven other cabinet ministers at a Tory rally this weekend and a These moves are bound to increase the already fevered specula-tion about election timing. The aim is to underpin the Tories' already

strong position in the opinion polls and to leave all options open. Conservative strategists want to see the trend of the polls over the next month or so before advising Mrs Thatcher. They have attempted to dampen speculation by saying that local election day on May 7 has been ruled out for a general elec-tion and that the options are either mid to late June or the early au-

Conservative Central Office will

There is also support for increas-ing the budget of the SEC, which is

only \$105m a year. This compares

with the \$100m which Mr Boesky

alone agreed to pay out of his prof-

its in fines and penalties.

"We're not making a covert at-tempt to stop acquisitions," says Mr Bruce Chafin, a staff member at the cent stake.

party including home owners (helped by any cut in the mortgage rate) and shareholders (particularly those first time owners of shares since 1979).

Additional groups of budget bene-ficiaries will also be included if they can be specifically identified for a direct mail operation.

The Conservatives have been building up their direct mail activities since last autumn to a rate of This has concentrated on shareholders in privatised companies particularly British Telecom and Jaguar, together with other target groups such as company directors. There have been experimental exercises to identify other possible cise is more than covering its costs to produce profits for the party.

To reinforce the impact of the budget, Mrs Thatcher and key economic and social ministers who will be at the centre of the party's election campaign will be speaking at the meeting of the Conservative Central Council, a half yearly rully Conservative Central Office will of activists, at Torquey on the south take final decisions on the direct coast, this Friday and Saturday.

Washington turns its gaze on Wall St tile takeovers are good or bad for could help prevent insiders piling secret information on deals has America.

Could help prevent insiders piling secret information on deals has up stock while the market was still been passing from merger and acbeen passing from merger and ac-

> "A burning issue must be whether there should be complete separation of risk arbitrage and investment banking," Senator Prox-mire said earlier this month.

> "We'll probably end up with an Omnibus Securities Regulation Act of 1987," says Mr Stoppelman.

A much more radical proposal would effectively bar investment banks involved in advising clients But it is clear that Wall Street is on the stand. As Mr Dingell wrote: There is a direct relationship beakeover stocks. tween how strongly Wall Street acts Since the arrest last month of to clean up its own mess and how

### **Britain** to appeal over MI5 memoirs judgment

formally announced its decision formally amounted as decision to appeal against the judgment of an Anstralian court permitting publication of the memoirs of Mr Peter Wright, the former officer in MI5, the British counter intel-

ligence service.

After a weekend of consultations involving Mrs Margaret
Thatcher, the Prime Minister and Sir Geoffrey Howe, the For-eign Secretary, the decision was given in the House of Commons by Sir Michael Havers, the Attorney General. He rejected accusations that, by

pursuing the case, the Government was wasting taxpayers' money and attempting to supp-ress the book until after the general election, which may be called later this year.
In the book Mr Wright makes

tracted widespread media cover-age in Britain and served to raise again the debate about the internal security and the conduct of the British security services.

Sir Michael, who said be was onlident the Government had "a better than even chance of success" in overturning the judy-ment, delivered in the New South Wales Supreme Court last week also confirmed that a police investigation was still underway in order to establish whether Lord Rothschild, the former head of the Downing Street "think tank", had breached the Official Secrets Act.

Opposition Labour Party MPs called for a full judicial inquiry into allegations contained in the book that security services had attempted to destabilise the gov-ernment of the Sir Harold Wilton, the former Labour Prime

vices of the charges.

10 Downing Street. In December, following allega-

tions that Lord Rothschild, a former MIS officer, had been a Soviet agent, Mrs Thatcher said there was no evidence to sucress he had ever been a spy.

But police investigations be-gan after the Australian court was told that Lord Rothschild had been instrumental in ar-ranging for Mr Wright to pass on information to Mr Chapman Pincher, the journalist, for use in another book.
Sir Michael rebutted other La-

testrophic disaster"

He re-emphasised the Government's determination to uphold the principal of lifelong confidentiality for members of the in-

In calling for an inquiry into the affair, Mr Rees claimed it centred on "an exercise by dissident members of MI5" and stressed he was prepared to make available his own ministe-

knows nothing about this. But the Government is too ready to wave a piece of paper and say that an inquiry has already been held into all these allegations.

serious allegations about the conduct of several senior MI5 officials, alleging that one official, Sir Roger Hollis, was a Soviet

calls for an inquiry into these allegations. He referred MPs to a statement in 1977 by Mr James Callaghan, who was then Prime Minister, which Sir Michael im-

mer Labour Home Secretary, told the House of Commons that he had been involved in the 1977 inquiries and that they had contred on very narrow allegations about the electronic bugging of the Prime Minister's residence,

hour Party suggestions that the court decision represented "a ca-

rial papers for the period He said afterwards: "Clearly,

#### information of a planned takeover. There is strong bipartisan support for measures from Wall Street als to outlow other equally exotic takeover defences such as "poison pills" and "golden parachutes." on mergers and acquisitions from risk arbitrage or speculating in takeover stocks. itself such as reducing from 10 days to 24 hours the grace period before the SEC must be informed of a 5 However, Mr Dingell's committee is trying to keep separate the issues the SEC must be informed of a 5 of insider trading, and whether hosper cent stake in a company. This



### Spain insists on pull-out of F-16s

Continued from Page 1

agreement was signed.

The most striking innovation appears to be the creation of a joint commission which will meet at regular intervals if problems arise which threaten relations between

Turkey and the US. Beyond that, the US is committed to use its best efforts to help Turkey in areas which have proved contentious in recent years - relations with Congress, the development of a joint defence industry, the allocations in the past, it is undealing the technical quality of some of the military aid Turkey will receive under the agreement is a joint defence industry, the allocations are some of the military aid Turkey will receive under the agreement is a joint defence industry, the allocations are some of the military aid Turkey will receive under the agreement is

The Turkish Government may

more than a year of hard bargain-ing was needed before the new a delay in the signing of the agreea delay in the signing of the agree-ment, that it has caved in to US

> The agreement will run until December 1990, which again represents something of a concession by Turkey, which had originally pressed for an agreement renewable after two years.

tion of military aid and the granting whether Turkey has succeeded in of Turkish textiles access to US getting the Americans to breach the getting the Americans to breach the ratio of 7-to-10 which they have tac-The Turkish Government may itly imposed until now on military face accusations from opposition aid to Greece and Turkey.

Francis Ghiles adds: the US signed an agreement with Morocco in 1982, which allows the so-caller Rapid Deployment force to use transit facilities at the Sidi Slimane and Kenitra airbases which have been modernised since then. Earlier this year the two countries further agreed that US space shuttles would be allowed to land on the airstrip at Benguerrir in case of enter-

In spite of regular joint manoeu-vres between US and Moroccan forces, the latest of which were coded African Eagle and took place last November, there has been no surgestion that Morocco is willing to THE LEX COLUMN

### Counting the costs at BSR

First reactions to hudgets are generally wrong and it may be that whatever the market does this afternoon it will reverse tomorrow. Otherwise market historians can find no reliable pattern to market moves around budget time. Last year the All Share index kept rising through March to peak in early April But 1983 - another pre-election budget - may prove a better parallel to this year. Then the market carried on up through the budget, and, with corrections either side, the election.

#### Dixons

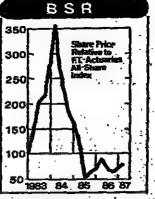
The pricing of block trades in the London equity market, has recently become a little less cut-throat - and promises to become even less so, if more market-makers follow the Midland Montagu route.

Last October Salomon Brothers took on £30m of Granada stock at bid price, to the consternation of some London houses. Now it has acted as conduit for most of Dixons' stake in Woolworth. But this time it took the stock on at a 2.5 per cent discount to the previous market price, which is not enormously tigh-ter than good old fashioned placing

Yet Dixons has done well out of the deal. Speculation that it would sell its Woolies stake started at about 650p. By waiting until the price broke through the £8 barrier, Dixons has recovered almost all of the hid costs through its capital gains. The 5 per cent fall in Dixons' shares is a curious reaction to

The fears might be that Dixons' hid for Cyclops may be undermined by the conditional higher offer from Cyacq. But Dixons could more than match Cyaco's indicated bid price simply by passing on sterling's gains since the original offer.

There cannot be many electronic companies which are expected to



appears merely to have heightened it. This is a pity considering the transformation of the balance sheet and the improved mix of businesses. With cash-hungry Capetron ic and Tenhy now disposed of and Astec penetrating the higher mar-gin mini-computer market the quality of earnings is far better, even allowing for a few disappointments. The decision to hang on to Swan - assuming it is more than a bargaining ploy—may be somewhat at odds with the retreat from consumer electronics, but it is now achieving margins of 7 per cent and can finally use its tax losses.

without some cause. The hefty cur-

increase earnings per share by about 40 per cent while still ianwishing on a multiple of 11. But then there are not many companies called BSR. The roller-coaster performance since the start of restructuring in 1982 has totted up losses

£60m (\$94.5m) left a mountain of reidual suspicion.

Westerday's figures should have Companies Act will then prevent gone some way to denting that su-spicion but rather hazy accounting

The grumbles are, however, not

rency losses at Capetronic have been tucked away below the line by netting them off against the disposal profit. Target pre-tax profits of £17m to £20m for 1987 may also seem rather ambitious when the £1.3m exceptional credit and the net interest charge of over 2Am should go too). An ungeared and acquisitive BSR may however, only need a hit of a push to set the share

Looking gift horses in the mouth is only predent for professional investors. But there are times when the City is perhaps too cynical for its own good. Witness the failure of the tender offer from Tractabel and thing is sure once the foreigners Groupe Bruxelles Lambert to at- have piled into the market, getting

stock of Imperial Continental Gas Association. The market price of IC Ges is now only 3p above the tender offer price of 710p, which came with a promise of a top-up to the level of any subsequent successful bid. A similar tender offer from SHV flopped last week.

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Perhaps it was not politic of the Belgians to pay the Barclay broth-ers 720p for their shares – no one likes to come second, even if the prize is substantial. Stockholders may also have noted that the top-up may also have noted that the top-up was valid only until the end of the year. But the heavy buying by Warbing Securities over the past few days suggests that a full bid might not be so far off. On April 27 IC Gas. predators running in on the blind

#### South Korea

The desperate search for under valued investments, a sideline of the worldwide buil market, has the workerne buil market, has drawn fund managers towards emerging countries stock markets. The marketing of the Korea-Europe Fund, launched yesterday, rests heavily on the rapid growth of the South Koreau economy and corporate profits allied to the apparently the market rapifinds around 1 low market multiple, around 11 times historic, compared to other south-east Asian stock markets. Perhaps the main attraction is that foreign investors have had severely restricted access to the market so far and when the gates open, possibly early next year, money is ex-pected to pour in, so forcing prices up further.
The limited emount - \$30m -

which the fund will be able to put profits from Tenby and Capetronic into the market may well be valued are stripped out of 1988 (although a st twice that on the London market and it looks set to be an issue which will not trouble the underwriters and add spice to Far East unit trusts. But it is worth remembering the risks which correspond to such high rewards, and go part of the way to explaining the low market rating. Successful as the Kurean economy has been it is still a devel oping one and a flood of foreign money could cause problems. The political situation is not, by Western standards, stable. The stock market is small and has been volatile. One

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### SECTION II - COMPANIES AND MARKETS

### FINANCIALTIMES

Tuesday March 17 1987



### **Buoyant Peugeot may** seek fresh equity

The state of the s

PEUGEOT, France's leading private enterprise, is expected to raise fresh equity capital later this year, reflecting the car group's financial

architect of the group's recovery, confirmed that a possible new equity raising operation was being stud-ied. He was particularly interested in a recent series of equity issues by a number of large French groups, including the BSN food them comfortable group and the Moët-Hennessy champagne and cognac concern. However, Mr champagne and cognac concern.

The both cases, the groups capital. However, Mr Calvet suggested that "anything can happen in the launched capital raising operations car business" and he would feel more comfortable "if I felt I had takeover bids. Mr Calvet, who acknowledged that a hostile attack on Peugeot was unlikely at present, said he was still concerned to pro-tect the overall shareholding bal-

its two main divisions Pengeot and Citroën, solidly in profit. It has a Mr Jacques Calvet, chairman and current market capitalisation of about FFr 23bn.

Peugeot's main shareholders - including the Peugeot family with
26-28 per cent of the shares and Michelin with nearly 9 per cent - also
own double voting rights giving
them comfortable control of the

covered myself against all possibilities, even the most extreme and unlikely ones.

He had been particularly interpreted and pants and plans to be lar facility in France.

Peugeot is also to a payment of a dividend

ested by the FFr 800m Eurofranc is-

Peugeot is expected to report a by Moët-Hennessy last week to group profit of about FFr 2bn help it defend itself from a possible (\$323m) or more next month, with takeover at the same time as boosting the company's capital resources over a three-year period to make large acquisitions of its own. Although Pengeot has no plans,

fresh equity funds would help fi-nance its internal development. Mr Calvet said Peugeot intended to continue improving its balance sheet by negotiating flexible multi-option financing facilities in countries where it has large commercial or industrial operations.

The group recently secured such a facility for Pta 7.5bn (\$58m) from a group of Spanish and internation-al banks and plans to launch a simi-Peugeot is also to announce the

ent of a dividend this year to ested by the FFr 800m Eurofranc ismark its recovery - the first payout sue with equity warrants launched in six years. After the earlier recov-



Mr Jacques Calvet: "Anything can happen in the car business"

ery of the Peugeot division Mr Calvet confirmed that Citroen had also recovered. It is expected to report a profit for 1986 of between FFr 250m and FFr 500m and should see earnings increase further this year.

Mr Calvet said he had set Citroen

an ambitious four-year target of substantially increasing its French and European market penetrations.

#### Lanerossi poised for share sale to public

By John Wyles in Rome

THE PRIVATISATION of the once deeply troubled Lanero textile group is to be launched this week with advertisements in newspapers in Italy and almoad.
With five companies, 12 production plants and 7,000 employees registering a turnover of
1,586bn (\$444.9m) in 1986, Lanerossi represente an insulation of the second of the secon ossi represents an important privatisation exercise for the state-owned Eni petrochemical

group.
Although the Government's approval appears to be based on a preference for disposing of a preserved for dispusing of Lanerossi as a single entity, Eni is ready to sell off separately its constituent companies – Laner-ossi, Mariane, Lebolemoda, Co-toni di Sondirio and Creazioni Janos di Matelica.

Mr Franco Reviglio, Eni chair man, expects strong interest from a number of Italian and overseas companies. He has defined a procedure which limits potential purchasers to industrial companies whose value-added is 20 per cent of Lanerossi's and financial holding companies with a net worth of 40 per cent of that of the textile group.

Interested parties can apply for initial data on Lancrossi, but detailed information will be released only on a promise of confidentiality. Those wishing to go ahead should then provide an outline valuation of the group of individual companies together with any development plans.

These proposals would then form the hasis for an invitation from Eni to make a formal bid. Prospective buyers will be told that Lancrossi has moved from net losses of LS2bn in 1983 to a profit of LAAhn last year. Self-financing capacity has changed from a negative L71.7km in 1983 to a positive L18.6km last year.

New Issue

### IFC and Shearson plan Manila investment fund

BY WILLIAM HALL IN NEW YORK

Corporation (IPC), the private en-terprise arm of the World Bank, and Shearson Lehman Brothers, the New York brokerage firm, plan to raise up to \$250m for a new investment fund which will specialise

in Philippines investments.

The IFC, which is anxious to encourage the development of local capital markets in Third World countries, confirmed yesterday that

According to reports from Mani- projects.

la, the new investment vehicle will be called the First Philippine Capital Fund, and its launch has been delayed partly because the Philippine Government is rescheduling about a third of its \$27.8bn foreign

THE INTERNATIONAL Finance Corporation (IPC), the private encorporation (IPC), the private encorporation (IPC) and the private encorporation (IPC) are also as a substant of the private encorporation (IPC).

With several of the world's major stock markets hitting all-time highs in recent months, some investors have been looking increasingly closely at smaller stock markets in developing countries where they be-lieve there is more scope for capital

courage the development of iocal capital markets in Third World countries, confirmed yesterday that it was working on a fund of between \$125m and \$250m.

Last year the IFC launched a \$50m emerging Markets Growth Fund, a closed-end mutual fund about a third of its \$27.80n foreign developing countries where they believe there is more scope for capital about a third of its \$27.80n foreign developing countries where they believe there is more scope for capital appreciation.

During the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months and the past few months and the past few months the Templeton and Gartmore Fund during a trip to the US last September of the past few months and the pas

### MIM buys W. German | Avia shareholders act copper smelter stake

BY ANDREW FISHER IN FRANKFURT

MIM HOLDINGS, the Anstralian mining and minerals concern, is to take a 30 per cent stake in Nord-deutsche Affinerie, the West German company which operates the largest primary copper smelter in so produces other metals and chem-

Norddeutsche Affinerie's shares are owned by three German compa-nies, Metaligesellschaft and Degussa with 40 per cent each and Preussag with 20 per cent. The refining

company employs 3,200 people in Hamburg.

Initially, the Australian group will acquire the Preussag stake and 10 per cent of the Degussa interest by the state of MIM shares in the

Norddeutsche Affinerie, which alicals, has a nominal capital of DM

The deal is part of the growing in-ternational spread of interests at Metallgesellschaft, in which MIM has a stake of slightly more than 1 per cent. The German company holds a similar amount of MIM

Australian Mutual Provident, the Will stripling the Preussag stake and 16 per cent of the Degussa interest by the issue of MIM shares to the two German companies.

Later, Metallgesellschaft and MIM will adjust their respective 40 per cent and 36 per cent holdings so one year's DM 61.4m.

### to block Reebok bid

a class action suit in an Oregon cir-cuit court seeking to halt the \$180m sale of the company to Reebok In-ternational, the fast-growing US stilletic footweer and clothing man-

The stockholders are also seeking compensation from the defendants, who include most of Avia's directors, according to court papers. The suit grew out of a meeting of several dissatisfied minority stock-holders of Avia following the an-

nouncement of Reebok's proposed acquirition and the subsequent sudden drop in the price of Avia stock. Resbok is 37 per cent owned by Pentland Industries of the UK.

A GROUP of shareholders in Avia Group International, the Oregon-based footwear producer, has filed noted the plaintiffs, who purchased stock between \$19 and \$25 a share The price fell from \$24 to \$16.50 a share following Reebok's announcement that it had agreed to pay \$16.35 a share for the group.

The complaint was filed on behalf of Mr Clem Eischen, a Portland-area resident, who owns 500 shares of Avia, and Mr Robert Withers, also of the Portland ares, who owns 954 shares, and others who held stock at the time of Reebok's announcement. A jury trial has been

Avia said it had not seen the court papers and had no comment on the suit.

### Dixons sells Woolworth shares

BY STEPHEN FIDLER AND CHRISTOPHER PARKES IN LONDON

DIXONS GROUP, Britain's largest said it placed them with 45 or 50 inelectrical retailer, yesterday sold most of its 4.9 per cent stake in Woolworth Holdings, in a move that seemed to put paid to any lingering fears that it might still harbour and fears that it might still harbour and the contract of the part and the collar and bitions to bid again for the reviving

rejailing giant.
The 8.3m shares were disposed of in a rapid-fire so-called block trade operation early yesterday.

Salomon Brothers, the US invest-

ment bank, which bought the entire block from Dixons for 813p each,

was the price, he added. Woolworth's shares have been moving steadily upwards since last October. Yesterday, however, they closed "more or less broken even" on the 18p down at 815p. Dixons shares deal, after allowing for holding were 21p off at 375p.

costs and the £11.7m extraordinary cost of last year's failed £1.8bn take- of yesterday's placing, and significant numbers of shares went to in-Mr Richard Kalms, corporate affairs director, said Dixons had started building its stake about a year ago, paying 695p to 700p a share. The main reason for the sale-

### Conrail lifts estimate of offer price

over bid for Woolworth.

BY OUR NEW YORK STAFF

THE US Government may receive more than it expected when it sells off Conrail, the state-owned railroad, to the private sector over the nexi lew weeks.

Conrail yesterday filed an amended statement with the US Securities & Exchange Commission (SEC) raising the estimated offer-

When it first filed details of its

proposed initial public offering of 58.8m shares, of which 6.75m will be sold oversess, Conrail estimated that the offering price would range between \$22 and \$26 a share.

Assuming an offering price of \$27.50, Conrail would be selling at roughly nine times historic earn-The sale of the US Government's

ing price to between \$26 and \$29 a 85 per cent stake in Conrail is expected to be one of the biggest stock market offerings in the history of

These securities having been sold, this announcement appears as a matter or record only.

New Issue

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March 1987

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March 17, 1987, Landon By: Citibank, N.A. (CSS) Dept.), Agent Bank

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### Svenska Cellulosa edges ahead despite jump in turnover

BY KEVAL DONE, NORDIC CORRESPONDENT, IN STOCKHOLIE

the leading Swedish forest products groups, increased its profits by only per cent in 1986 despite a jump of

21 per cent in group turnover. However, the group yesterday forecast "an improvement of some significance" in group earnings this

SCA said the current business year had begun with continued good demand for most forest industry products and price levels higher than a year ago.

The group expects production to rise in 1987 with mills operating at high capacity levels, which should significantly boost the earnings of the pulp and paper and paper prod-

Last year group turnover rose 21 er cent to SKr 15.22hn (\$2.35hn) m SKr 12.6bn a year earlier. Profits, before extraordinary

ems, allocations and tax, rose per cent to SKr 1.39bn while operating profits rose 14 per cent to SKr 1.54bn. The group is increasing its dividend to SKr 5 a share from SKr

THE CARE AND FEEDING

OF A FORTUNE.

SVENSKA Cellulose (SCA), one of Prices increased for most prod ucts last year although the average price for pulp was lower in Swedish kronor due to the very low prices prevailing at the begin year and weakening dollar.

Operating profits rose sharply by

46 per cent at Mölnlycke, the
group's subsidiary for hygiene products, and by 49 per cent at SCA
Packaging while earnings of the
group's hydropower operations declined by 19 per cent.

The operating profits of the domi nant forest and paper product divi-sions rose only 6.5 per cent to SKr

The capital employed in SCA increased substantially last year following heavy capital expenditure totalling SKr 1.50bn and spending on new acquisitions totalling SKr

Last year SCA acquired Edet, a gival Swedish producer of tissues and hygiene products, and majority control of Svano, a forestry and hydropower company in northern

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by a cursory financial profile, but

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night's sleep.

### **Amsterdam** merchant bank venture

KOOLIMAN Securities, a rapidly growing Duich hrokerage firm, and Arab Banking, a Bahrain-based international bank, are launching a merchant bank in Amsterdam 50 per cent owned by each.

The joint venture will be called ABC/Kocijman Capital Markets and will open in June with authorised capital of FI 12.5m (\$5.9m). It will engage in a variety of activities including management buy-outs, mergers and acquisitions, securities underwriting, stock exchange intro-

ductions and money management. The new merchant bank is simed at strengthening the presence of in-stitutions in the Amsterdam financial markets which are enjoying new vigour as a result of liberalisation of the capital markets and modernisation of the stock ex-

Arab Banking took a 5 per cent stake in Kooijman in February 1986 when it went public on the Amster-dam Stock Erchange's perallel mar-het. The two institutions also jointly introduced long-term, over-the-counter equity options last year in

Recijman, which has an anino-rised capital of Fl 125m, manages international portfolios and trades Eurobonds through its London sub-sidiary, Kooljman UK.

CANADIAN CONGLOMERATE SAYS WORST IS PAST.

### CP sets sights on future

THE CANADIAN Pacific roadshow rolled into London late last week with a cargo of senior exacutives hoping to convince City investors that the worst is over for the transport and natural resources conglomerate.

The company's serior management team, headed by Mr William Stinson, president, was touring Eu-rope in an effort to put a brave face on the restructuring of the past few years and to look shead to a more profitable future

The Montreal-based congion ate reported a loss of CS80m (USS80.km) in 1986, after special charges of CS230m net, and has been hit by losses in its steel and in-Stinson as a "troubled area."

The group's bulk shipping interests had produced "a bath in red ink" in recent years, but CP was now clearing the docks. We still have problems, and I'm not going to cloud those," Mr Stimson said, but we've put the worst behind us."

The sales last year of CP's con-

trolling interest in Cominco, Canada's second-largest mining compa-



a Stinton: Clearing

ny, and of Canadian Pacific Airlines had been the two most significant moves in 1986 inwards reducing the number of CP's businesses and

45 years in the airline business, Mr ness" in a non-cyclical area but was Stinson said, and while he praised "only just starting to look."

the airline's management, there wasn't a wet eye in the house" when the carrier was sold to Pacific West-

ern of Calgary for CS300m.

Noting the current trend towards consolidation in the US airline business, Mr Stinson said that in a deregulated environment airlines had to grow larger to compete against US carriers and Air Cana-

da, the state-owned carrier. On the railway operation, Mr Stinson said CP was reasonably confident of winning changes to forthcoming federal legislation on

The company is particularly keen to have greater flexibility on cost reductions, giving it the ability to sell branch lines to small operators without "going through years of red

CP's See Line railroad in the US was booing to sell a package of branch lines:

On CP's future, Mr Stinson said: "You can assume that there will be seaning up its balance sheet. further restructuring." He would al-CP had never made any money in so like to find another "core busi-

#### Sabaudia to raise L350bn

SABAUDIA, one of the key holding companies of Mr Carlo De Benedetti, yesterday announced plans to raise L350hn (2269m) on the Milan

tended to be the largest fund-rais-ing operation immched by Mr De Benedeti's group this year. The offer calls for the issue of

200m ordinary and voting shares, at 11,750 each, to be offered on the bahis of two new shares for every

three cedinary or sevings already held.

Sabaudia controls key equity stakes in the Ferruzzi group's Agricula subsidiary (4.13 per cent), in Generali insurance (1.97 per cent), the L'Espresso publishing group (17 per cent), the Mondadori publishing group (21.19 per cent), Piralli SpA (3.16 per cent), Euromoluliare, the merchant bank (18.8 per cent) and other companies.

Yesterday Sabaudia revealed a 1986 net profit of L30hn, against L8bn serned in 1985.

#### Epeda in bid for French arms company

By George Graham in Paris

EPRDA-Bertrand Paure, the lead ing French producer of beds and car seats, is launching a takeover old for the armaments company La-

Both companies' shares were sus-pended yesterday on the Paria Stock Exchange pending announcement of the terms of the paper bid. Luchaire's shares and warrants will remain suspended until further no-tice, but Epeda's will be quoted

again today.

Luchaire has recently returned to better financial health after a spell of losses, but it was recently implicated in a scandal over French arms sales to Iran.

The company's capital is broadly spread among a number of large french institutions.

#### Italian bank to pay \$47m for Valley National

By Our Miles Correspondent FFALY'S Istituto San Paolo di Torino, the country's fourth-largest commercial bank, is paying \$47m to acquire the Valley National Bank of California.

The Turin-based San Paolo said last night that it planned to merge the Los Angeles-based Valley Na-tional with the First Los Angeles Bank, which it already owns.

Bank, which it already owns.

After the merger of the two banks, both controlled via San Paolo's Delaware holding company, the assets of the California banking group will total around \$1bn.

The Valley National was founded in 1857 and has seven branches in the Burbank and Glendale areas of the Sangeles. The First Los Angeles Rank, acquired by San Paolo in

Bank, acquired by San Paolo i 1982, has eight branches.

Banca Nazionale del Lavoro, Ra ly's biggest bank, yesterday report ed a 1986 net profit of L155hr (\$117m), against L146hn in 1985.

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#### N. AMERICAN QUARTERLY RESULTS

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rease	7) dan 8.1m 6.18	6.5c	Not profite annual construction of the part of the construction of	4.7m 0.50	2.5m 9.21
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#### FIL

#### Fuqua Overseas Finance N.V. U.S. \$50,000,000

Guaranteed Floating Rate Notes due 1987

#### Fuqua Industries, Inc.

In accordance with the provisions of the Notes, notice is hereby given that for the six moralis period 17th March, 1957 to 17th September, 1987 the Notes will carry a Fase of interest of 718% per annum with a couplin amount of U.S.\$182.06

CHEMICAL BANK INTERNATIONAL LIMITED



Communauté urbaine de Montréal (Canada)

US\$150,000,000

Floating Flats Notes due 1991

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months from March 18th, 1987 to September 18th, 1987 the Notes will bear interest at the rate of 612% per amourn. The interest payable on the relevant interest Payment Date, September 18th, 1987 against Coupon No. 7 will be US\$332.22 per US\$10,000 Nominal.

Agent Bank

ORION ROYAL BANK LIMITED A resember of The Floyel Bank of Geneda Group

#### SEK

AB Svensk Exportkredit

US\$125,000,000 Floating Rate Notes Due March 1992

For the six months 16th March, 1987 to 16th September, 1987 the Notes will carry an interest rate of 10% per annum with a coupon. amount of US\$511.11 per US\$10,000 Note, payable on 16th September, 1987.

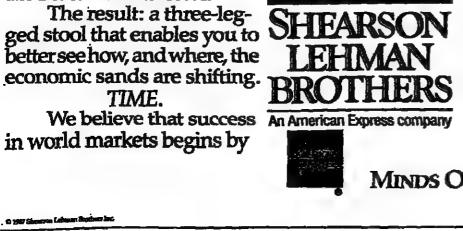
#### Den norske Creditbank U.S. \$150,000,000

Floating Rate Capital Notes due March 1991 In accordance with the provisions of the Notes, notice is, hereby given that for the six month interest Period from March 17, 1987 to September 17, 1987 the Notes will carry an interest Rate of 64% p.a. and the Coupon Amount per U.S.\$10,000 nominal of the Notes will be U.S.\$338-61 and per U.S.\$250,000 nominal of the Notes will be U.S.\$8,465-25.

By: Ciribank, N.A. (CSSI Dept.), Agent Bunk

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US Dollar call warrants at 1.55 SFr./\$

Advisor:

Citicorp Investment Bank (Switzerland)

February 1987

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**Currency Warrants** issued by Citibank N.A., London US\$50,000,000

US Dollar call warrants at 1.82 DM/\$

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February 1987

#### CITICORP O INVESTMENT BANK



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The Nikko (Switzerland) Finance Co., Ltd.

Banca del Gottardo Bank Julius Baer & Co., Ltd.

Banque Indosuez Bank Leumi Le-Israel (Switzerland) AG

Banque Lòuis-Dreyfus en Suisse S.A. Banque Kleinwort Benson SA

> Banque Paribas (Suisse) S.A. Baring Brothers S.A.

Chemical N.Y. Capital Market Corporation HandelsBank N.W.

Nippon Kangyo Kakumaru (Suisse) S.A. Morgan Stanley S.A.

Swiss Cantobank (International) Samuel Montagu (Suisse) S.A.

February 1987

#### CITICORP O INVESTMENT BANK



**Gold Warrants** issued by Citibank N.A., Zurich 10,000 Warrants US\$430 per oz. strike price 1987-1989

Structured and managed by:

Citicorp Investment Bank (Switzerland)

Underwriters:

Banque Kleinwort Benson SA

Banque Paribas (Suisse) S.A.

Lombard, Odier & Cie

Swiss Cantobank (International)

February 1987

CITICORP O INVESTMENT BANK



Gold Warrants issued by Citibank N.A., Zurich 10,000 Warrants

US\$420 per oz. strike price 1987-1988

Structured and managed by:

Citicorp Investment Bank (Switzerland)

Underwriters:

Banque Paribas (Suisse) S.A.

Banque Oppenheim Pierson (Schweiz) AG

Banque Indosuez

Banque Kleinwort Benson SA

Lombard, Odier & Cie

J. Henry Schroder Bank AG

BHF-Bank (Switzerland) Ltd.

March 1987

CITICORP O INVESTMENT BANK

bank

ERLY

æ N.V

entres

credit

:h 1995

Figures in parentheses show number of stocks per grouping

Australia (94).

Austria (16) ... Belgium (47) ... Canada (132) .

Denmark (39)

anan (458)

larnery (25) ...

en (33) .

Europe (946)
Pactii: Rasia (687)
Euro-Pacific (1633)
Horis America (713)
World Ex. US (1840)
World Ex. UK (2078)
World Ex. UK (2078)
World Ex. Japan (1963)

Hambros Benk Limited

Rank of New Zeeland

Crédit Lyomials

Krediethank N.V.

Banque Nationale de Paris

Banque Générale du Laxembourg

Die Erste österreichische Spar-Cause - Bank

Vereins- und Westbank Aktiengeselishaft

FT-ACTUARIES WORLD INDICES Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co.

Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

FRIDAY MARCH 13 1987

104.97 88.67 106.28 107.29 106.28 107.09 81.90 101.07 120.15 90.26 115.64 120.66 120.66 109.18 104.39 101.62 67.33 119.57

114.63 110.24 112.98 110.79 110.71

This amouncement compiles with the requirements of the Council of The International Stock Exchange of the United Eingdom and the Republic of Ireland Limited and does not constitute an offer of, or an invitation to the public

GMAC, Australia (Finance) Limited
(Incorporated in the Commonwealth of Australia)

NZ\$ 50,000,000

18 per cent. Notes due 1990

potranteed as to payment of principal and interest by

General Motors Acceptance Corporation (Incorporated in the State of New York)

Issue Price 101¼ per cent.

and accrued interest, if any

The following have agreed to subscribe for the Notes:

Salomon Brothers International Limited Shearson Lehman Brothers International, Inc.

Wood Gundy Inc.

Application has been made for the Notes constituting the above issue, in bearer form in the denomination of NZ\$1,000 each to be admitted to the Official List by the Council of The International Stock Exchange of the United Kingdom and the Recubile of Ireland Limited, subject only to the issue of the termocray slobal

94.20 115.27 127.79 112.91 113.77

87.00 107.38 127.65 95.89 128.19 127.77 109.22 91.32 110.90 110.9

110.07 121.78 117.11 120.03 117.70 117.62 118.34 116.35

Copplight, The Financial Times, Galdrens, Sacha & Co., Wood Maximuda & Co., Ltd., 1987

### INTERNATIONAL COMPANIES and FINANCE

### Chao's textile group in public offer

BY DAYID DODWELL IN HONG KONG

ing Hong Kong textile group HK\$128m. headed by Mr K. P. Chao. Mr Chao HK\$285m (US\$36.5m).

BOLLAR DEDEX

1986/87 Low

70.18 70.60 55.58 57.74 62.53 40.74 62.53 40.74 62.53

69.36 51.10 58.45 85.41 60.02 69.65 69.95 79.87

300

81.38 77.69 70.99 94.62 100.25 73.00 84.85 84.84 70.95 56.76 92.76 94.18 97.95

Gross Div. Yield

100.62 115.27 127.19 124.19 115.47 100.33 1127.98 106.30 127.98 106.30 127.98 100.59 120.64 120.60 124.61 120.00 124.61 120.00 124.61 127.92 120.00 124.61 127.92 120.00 124.61 127.92 127.92

110.97 121.78 117.11 120.47 117.70 117.82 118.34 116.72

115.56 215 118.45 70.14 82.82

Banque Bruxelles Lambert S.A.

Bank of Tokyo International Limited

Chemical Bank International Limited

Credit Suisse First Boston Limited

Dreadner Bank Aktiengesellshaft

Morean Stanley International

Westdeutsche Genossenschafts-

Zentralbank eG

Banque Internationale à Luxembourg S.A.

110.00 90.51 109.52 107.08 110.62 107.54 107.54 108.73 118.51 118.51 118.51 118.51 118.51 118.51 118.51 118.51 118.51 118.51 119.59 119.59

105.07 117.69 112.64 119.75 112.94 115.18

115.64 114.11

Novel has also agreed to issue shares to Marubeni Hong Kong, a subsidiary of the Japa-nese trading and manufacturing group that has been a longstanding customer.

The Hong Kong group, which also has factories in Macao and China, makes sweaters under announced yesterday that in the year ended in March 1988, turn-over amounted to HK\$1.05bn, with net profits of HK\$1.15m. It has forecast that profits for the current year would

**Platinum mine** 

Holders of the company's 8m

ordinary shares are being offered 80 new ordinaries for

every 100 they hold at present.

Northam obtained a Johannes

western Transvaal Few produc

manes of ore a year.

**Amic 62%** 

pre-tax level

ANGLO AMERICAN Industrial Corporation (Amic), the indus-trial arm of Anglo American, the biggest South African min-

ing house, increased its pre-tax result by 62 per cent last year, writes Jim Jones in Johannes

burg. Profits increased to R433m (\$207m) from R268m, largely, because of better contributions

from paper, chemicals, steel and ferror-alloy interests.

year's R2.56m, operating income increased to R397m from R269m, and profit before tax

and finance charges was R566m against R405m.

Mondi Paper, Highveld Steel Vanadium and AECI all produced significantly better results. Mondi completed a

major expansion just over

year ago and has benefited from higher world and domestic

Earnings increased to 516 cents a share from 347 cents and the dividend has been lifted to 190 cents from 180 cents.

prices of paper.

ahead at

to just over R50.

plans R256m

rights issue

By Our Johannesburg Correspondent

NOVEL ENTERPRISES, a lead- amount to not less than to challenge Cathay Pacific Air- subject to the planned flotation ing Hong Kong textile group HK\$128m. ways for its position as Hong Applications for Novel shares headed by Mr K. P. Chao. Mr Chao is prominent in headed by Mr K. P. Chao. Mr Chao is prominent in yesterday unveiled plans to Hong Kong's large and influential community of emigres from shares, each with a nominal value of 10 Hong Kong cents where shares to the public in Ningbo, just south of Shanghai. The community includes to the public at HK\$2 a share. This community includes figures like Sir Yue-Kong Pao, film-maker Sir Run Run Shaw, and Mr Descon Chin, who heads one of Hong Kong's television larged share capital of 569m

tations. He attracted attention two years ago by being a founder- proceeds of HR\$300m will be ember of a company called used to repay bank debts, with Hong Kong and Macao Inter a further HK\$45m being spent national investment Corpora on expansion of its existing tion. This company, whose 31 denim operation. Cotton spinmain shareholders reads like a ning operations in Xiamen, in Who's Who of Hong Kong's China's Fujian province, will richest and most influential also cost about HK\$30m. businessmen, was responsible A month ago, a group re-for the creation of HongKong organisation hived off Novel's

This issue, coupled with the 11.5m shares being offered to Marubeni, will create an en-

About HK\$45m out of net

must be lodged by March 20, with share dealings expected to begin on April 8.

• Hyskn Developments, the Hong Kong property group that was sold at a preferential price, a 25 per cent stake in Cathay Pacific when the airline was publicly floated in April last year, yesterday reported profits after tex for 1986 of HK\$254m, up 39 per cent from HK\$182m in 1985.

The group, which has grown to be one of Hong Kong's most substantial property companies since being floated in 1981, is also proposing that its authorised share capital should be increased to HR\$4.5bn by the creation of 500m new HK\$1.

change its name this Friday to Tata Davy, following the accumulation of a 24.2 per-cent stake in the loss-making. Calcutts-based engineering com-pany by Tsta, India's largest family of companies. Following a recent Rs 27m. (\$2m) debenture issue, the stake held by Davy Corporation of the UK will go down from 40 per cent to 26.7 per-cent, which is sufficient for the UK

**24%** Davy

Ashmore

India stake

DAVY ASEMORE India is to

By John Efficit in Calcutta

company to retain veto powers under Indian company law. 🗻 But effective management But effective management control will rest with Tata, which is expanding into engineering activities and first bought a 6.7 per cent stake in 1994 to help the company broaden its base. In 1984 it put its representatives on the board, including Mr Russi Mody, chairman of Tata Iron and Steel man of Tata Iron and Steel (Tisco), who was chairman for

Davy Ashmore India was formed in the 1970s by Mr P. Sen, its present Indian manag-ing director. It has built up a Rs 200m to Rs 400m annual turnover, carrying out process engineering turnkey contracts, and manufacturing equipment under licence from Davy of the UK for the steel and other metal industries.

But it has been facing financial problems in the past couple of years, parily because of a shortage of orders caused by a slowdown in construction and modernization of India's steal and other heavy industries.

Following changes in accountancy procedures, profits of Rs 6.3m in 1984 turned into a los after tax and depreciation in 1985 of Rs 16.4m on a turn-over of Rs 370m. Last year there was a loss of Rs 14.5m on a Rs 219m turnover.

Tata bought its first 6.7 per ent from the Government of West Bengal, where Calcutta is the capital. It has gone up to 24.2 per cent by taking Davy International's rights, and some other shares, in the recent delegation issue.

### Dragon Airlines, the fledgling non-textile operations in a new creation aviation group that has emerged company, which will not be shares. Ito to quit as chairman of JAL

BY CARLA RAPOPORT IN TOKYO

APAN AIR LINES will be time to management problems been recommended for the ying without a chairman at Kanebo.

Last November, Mr Ito was Nakasone, the Prime Minister. NORTHAM PLATINUM, the new platinum mine being developed by Gold Fields o South Africa, is to raise R256n (\$122.4m) by means of a right issue of 6.4m shares at R46

APAN AIR LINES will be time to management problems been recommended for the ying without a chairman lority, only months before the flag carrier is to be rivatised.

Last November, Mr Ito was nakasone, the Prime Minister. The recommendation came in Ryutaro Hashimoto, Transport a JAL Boeing 747. which killed treatment of some of JAL's sometics around at the end of he month after serving just group for not working smoothly time months. Mr Ito—also chairman of Kanebo, the cosmetics group—said his primary reason for resigning was his desire to devote himself full Japan, especially as Mr Ito had privatisation later this year.

### BHP consolidates minerals side

BY CHRIS SHERWELL IN SYDNEY

Northam obtained a Johannes-burg Stock Exchange listing two weeks ago through a pri-vate placing of shares and the share price reached a high of R59 on its first day of trading after opening at R52. Since then the price has drifted back BROKEN HILL Proprietary (BHP), Australia's largest company, is to merge Utah International, the US group it took over in 1983, with its existing minerals division in a reorganisation of its far-fung mining The company is spending about R559m at 1986 prices to open a new mine, treatment plant and rednery in the northtion details have been dis-closed, though the mine is being designed to mill 1.8m interests.

The move creates a new internal entity, the BHP-Utah Minerals International group which, if considered alone, would count as one of Australia's largest mining

As a result of the change, BHP Petroleum (Americas), hitherto part of Utah, will become a subsidiary of the renamed BHP Petroleum International, which will be headquartered in Melbourne. The reorganisation follows a change in 1985 which saw the consolidation of the group's steel business as BHP Steel International.

in January this year BHP also in charge of BHP's iron ore, sunquinced that it would be footing its Australian gold mining and exploration interests.

These are currently part of the These are currently part of the domestic uninerals division.

The latest changes will take effect from June 1, with the settrement as Utah's chief executive of Mr Alexander ("Bud") Wilson. The new group will be headed by Mr Jim Curry, presently Utah's executive vice president.

Operating out of Melbourne

### South African insurers show better results

BY JIM JONES IN JOHANNESBURG

THREE South African insur- R123.9m and the underwriting ance companies have reported improved results for last year

Nevertheless. remain perturbed at the cost of an escalating household and commercial crime wave in the

Gross premiums written in-reased to R210.2m (\$100m) in

deficit was reduced to R1.78m from R6.25m. The pre-tax profit was R14.17m against R6.85m. improved results for last year improved results for last year that a substantial part of the impact of rising social enrest as part of the underwriting improvement has been passed to due to single premium business which trebled during the year.

Net earnings increased to

regregation interests.

Signify of Guardian Royal profits for redustrable business 24 cents a share from 18.5 cents rear's R3.14bn from the previous Exchange, corrected premium were insufficient to offset losses and the dividend has been rear's R3.56m, operating income rating deficiencies in 1986 and in personal and commercial lifted to 15 cents from 11.7 ncreased to R397m from substantially reduced its under-burglary business, which at not cents, Lifegro is now controlled

formerly owned by Legal & General, raised total assets to R2.75bn at the end of 1986, premiums were R144.0m against from R1.90bn a year earlier.

to R549m from R320m and

fourth largest banking group.

Protes Assurance, a composite

insurer, reduced its underwrit-ing deficit largely because of a good outcome from the fire account. Net written premiums increased to R104.5m from 1985's R92.5m and the underwriting deficit was cut to R4.9m from R10.2m.

nery shareholders with a profit of R449,000, against R189,000, investment income slipped to B9.5m from R9.5m and the taxed profit rose to R5.1m from the previous year's R846,000.

The directors warn that increased crime rates and infa-tionary cost increases continue to affect cost of moin, and secident claims. They add that and the police can "return to normal functioning," the future

cents a share last year from 10.8 cents and the dividend has been raised to 23 cents from 18 cents. Protes is a subs Sun Alliance.

NEW ISSUE

annually in arrears on 27th March, the first payment being made on 27th

to the Notes, the Issuer and the Guarantor are available from the statistical Limited and copies may be obtained during usual business hours up to and from the Company Amouncements Office of The Stock Exchange and up to and

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¥20,000,000,000

5% per cent. Bonds Due 2007

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Saitama Bank (Europe) S.A.

Shearson Lehman Brothers International

**Sumitomo Finance International** 

### Northern Foods p.l.c.

has sold its 80% interest in

### The Keystone Equity Group

and has acquired the minority interests in

Haverpride Farms, Northern Fine Foods, Inc. **Keyserv Group** 

The undersigned acted as financial advisor to Northern Foods p.l.c. in these related transactions.

### ROTHSCHILD INC.

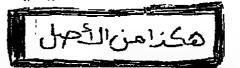
Affiliated companies in

London Paris Zurich Hong Kong Singapore Sydney

March 4, 1987







All of these securities having been sold, this announcement appears solely for purposes of information.

**NEW ISSUES** 

ults >

March 11, 1987

# \$1,150,000,000

# Allied Stores Corporation

\$200,000,000

101/2% Senior Notes Due 1992

\$700,000,000

11½% Senior Subordinated Debentures Due 1997

10,000,000 Shares

\$3.3125 Cumulative Exchangeable Preferred Stock, Series A
(Stated Value \$25 Per Share)

Shares of Preferred Stock will be exchangeable at the Company's option in whole or in part for 1314% Junior Subordinated Debentures

Due 2002 at the rate of \$25.00 principal amount per share of Preferred Stock, provided certain conditions are met.



The First Boston Corporation

Yoko Shibata on the effects of the floating-rate note crisis in Japan

### FRN paralysis hits Tokyo banks

holdings of \$12.5bn-some 70 per cent of the total outstand-

ometally recognised cream
rating agencies.

Most of the 40-odd market
makers in the perpetual FRN
sector have stopped dealings
and, as a result, Japanese banks have been forced to accept losses. There appears little scope at present for reopening

Those banks which use the "cost or market, whichever lowest" accounting method, under which a loss has to be written down in each fiscal year, are facing a further problem of how to evaluate their losses on the notes in the absence of market prices. Perpetual FRNs have

maturity date and have for the most part been issued by banks seeking to boost their capital ratios, since regulators have allowed them to be counted as primary capital. The perpetual

Denmark debt

downgraded

By Our Euromarkets Staff

Standard & Poor's, the US

tion in its current account balance and a substantial rise

increased to the equivalent of

129 per cent of its total ex-ports in 1986, which compared

day, prompted little reaction in the Eurobond market.

Desiers said that prices of Europen issues for Denmark were unchanged, although some Eurodollar issues were

marked down by about i

Denmark's net foreign debt

with 83 per cent in 1963. Standard & Poor's ennounce-ment, which came late in the

by S&P

Their appraisal loss is esti-mated to amount to about at a time when yields on other Accordance \$100n, on estimated combined fixed-interest instruments were ment, by failing to Libor or below.

Informal pressure

The downward slide was first triggered by a large Japanese trust bank's sales of perpetual FRNs worth several million dollars before Christmas, which coincided with a market downturn caused by an overhang of the paper. There followed as fidence in the market, which collapse caused a collapse in prices.

At the beginning of this year, Mr Gerald Corrigan, president of the New York Federal Re-

JAPANESE BANKS have been badly caught out in the paralysis of the perpetual floating-rate note market.

FEN sector was swamped by He was attempting to put in the end of the current fiscal formal pressure on the Japanese year) in order to establish to fall into kine with the agreence on the basis of ment's definition of primary which they can make write-

According to the US-UK agree. red-interest instruments were ment, banks' holdings of capital liling to Libor or below.

"Japanese banks have an petual FRNs) issued by other needing hard manuality. For the health of the petual property is the petual property is the petual property in the petual property is the petual property. per cent of the total outstanding of \$12bn, according to the Japan Bond Research Institute, one of the country's three officially recognised credit rating agencies.

Japanese bank if we say that caused concern among Japanese officially recognised credit rating agencies.

Japanese banks are buying," says a bond salesman for a British grappling with the problem of grappling with the grappling with the grappling with the problem of grappling with the grappl

eventually have to conform with the bilateral US-UK accord, Japanese banks suddenly stopped buying perpetual FRNS. According to some analysts, the resulting flight of the conformal transfer of the con funds from perpetual FRNs to coincided with a market downmore attractive high coupon
turn caused by an overhang of
the paper. There followed an
erosion of Japanese banks' con(CMOs), contributed to the of the perpetual

How to evaluate losses on their perpetual FRN holdings serve Bank, stopped in Tokyo for Japanese banks. Some on his way to a Bank for International Settlements manifer in analysis expect Japanese banks. national Settlements meeting in to carry out limited cross Basic to inform the Japanese trading among themselves in financial authorities of the US-the London market at the end UK agreement on capital ratios, of this month (coinciding with

In the meantime, some American securities houses are actively trying to interest investors in a package product com-bining perpetual FRNs and zero-coupon bonds. This is a product for those investors first buying perpetual FRNs, and it is shunned by most investors," says a British merchant banker.

Cause for concern

The appraisal loss on Japanese banks' holdings of per-petual FRNs has given the Ministry of Finance cause for concern, especially for the Japanese banks are understood to have suffered a further \$10bn worth of foreign exsubn worm of toleran ex-change losses on their pur-chases of 30-year US govern-ment bonds as a result of the steep appreciation of the year

ing to financial institutions fail-ing to take sufficient risk-limitation measures to be more prudent in their overseas invest-

### Ericsson suffers further sharp fall in information systems unit

BY KEVIN DONE NORDIC CORRESPONDENT, IN STOCKHOLM

credit rating agency, said yesterday that it was downgrading Denmark's long-term munications and electronics group, suffered a further heavy loss of SKr external debt to AA from AA plus. The decision affects suffered a further heavy loss of SKr some \$17.6bn (equivalent) of 284m (\$43.9m) in its information borrowings.
The country's, weakened extotal losses in the sector in the past farnal competitiveness, said Standard & Poor's, had con-tributed to a steady deteriorathree years to SKr 1.3bn.

The group's ambitious expansion into business information systems during the early 1980s has cost it dearly with operating losses of SKr 217m in 1984, SKr 806m in 1985 and SKr 284m in 1986.

At the same time the profitability of the group's public telecommuni-cations operations, which generate the lion's share of Ericsson's earnings, has also come under heavy pressure due partly to the high costs of developing and adapting the group's Axe digital public switch for the US and UK markets.

Operating profits for this sector as a result of the cut in losses of indeclined further last year to SKr formations systems. Group turn-

ERICSSON, the Swedish telecom1.16hn in 1985 and SKr 1.95hn in over declined 3 per cent to SKr
munications and electronics group, 1984.

According to Ericsson's detailed tions products declined slightly to SKr 10.3bn from SKr 10.56bn in 1985 while sales of information systems products fell to SKr 9.18hn from SKr 9.98bn a year earlier. Overall, the first sign of an imevement in Ericsson's earnings after a steep two-year decline emerged in the second half of 1986 and for the full year profits (before

appropriations and tax) rose slight-The group had some success in strengthening its badly weakened balance sheet last year. By freeing ly to SKr 911m from SKr 878m in 1985. The improvement was accounted for by increased extraordi-Operating income increased to receivable, while capital investments fell sharply to SKr 1.5bn SKr 2.11bn from SKr 1.64bn chiefly from SKr 2.6bn in 1985.

nary gains, however, which totalled SKr 378m in 1986 compared with SKr 333m in 1985.

1986 results published yesterday -preliminary figures were released in mid-February - the earnings of the group's cables operations also declined sharply by 22 per cent to SKr 261m following the sale of a majority interest in Ficap, the Brazilian subsidiary, as well as a result of lower demand for optical fibre cable in the US.

working capital it substantially reduced its short-term borrowing and improved its equity ratio to 30.5 per cent from 26.5 per cent in 1985. It reduced inventories and accounts

This announcement appears as a matter of record only.

New Issue

12th March, 1987

### The Commissioners of the State Bank of Victoria

(a corporation constituted under the State Bank Act 1958 of the State of Victoria, Australia)

Japanese Yen 10,000,000,000 5 per cent. Guaranteed Notes due 1992

Repayment of principal and payment of interest and other charges to be guaranteed pursuant to the State Bank Act 1958 by

The Treasurer of the State of Victoria

Issue Price 101% per cent.

Yamaichi International (Europe) Limited

Merrill Lynch Capital Markets

Yasuda Trust Europe Limited

Bank of Tokyo International Limited

Daiwa Europe Limited

Fuji International Finance Limited

Mitsubishi Trust International Limited

The Nikko Securities Co., (Europe) Ltd.

Salomon Brothers International Limited

Daiwa Bank (Capital Management) Limited

**DKB International Limited** 

LTCB International Limited

Morgan Stanley International

Nomura International Limited

Takugin International Bank (Europe) S.A.

#### **Orion pulls** out of floater market

By Clare Pearson

ORION ECYAL Bank, the London investment banking arm of Royal Bank of Canada, yesterday said it was with-drawing from making markets in all sectors of the floatingrate note (FRN) market).
The announcement followed and chaotic trading conditions in the sector last week, although Orion said it had taken the decision to pull out before this. Others among the 50 or so FRN market

makers are expected to follow Orion.

Orion said its FRN department had achieved a trading profit in recent years, includ-ing 1987 to date. But the bank was not confident that it would be profitable enought to cover overheads and committed capital in future, since retail investment in the

Orion accounted for about 5 per cent of FRN turnover in London, its three FRN traders are being redeployed into trading other products, principally Eurocommercial

paper. Royal Bank of Canada reported a drop in inter-national earnings from C\$42m national earnings from Cazzn to Callm in the first quarter of the currum funncial year, ended January 31. Mr Allan Taylor, chairman, attributed the fall partly to "unsatis-factory" results from the bank's global capital markets buckness.

business.

Most of the smaller players in the FRN market were inactive yesterday. Prices continued to be volatile, although the shorter-dated issues were reasonably well supported. Some of the lunger issues lost about 1 point in price, with issues for US by iks continuing to come under the greatest pressure. Trading in FRNs has been almost entirely confined to professionals in recent. professionals m recent weeks and dealers say that some of the higger houses professionais been taking up substantial

#### <u>Italian bank</u> ownership rule may be eased

TREASURY

Minister unveiled a draft proposal at the weekend which would for the first time allow industrial coupanies and other non-bank concerns to acquire share-holdings in Italian banks.

Remytring that the invenees of government could not come to a halt simply because of the Rome political crisis, Mr Giovanni Goria, the Christian Democrat Minister of the Treasury, made the proposal on Saturday at a conference in Mantus of top bankers and industrialists. Mr Goria's speech marks Mr Goria's speech marks the first government pro-nouncement on an issue which has seen intense behind-the-scenes lobbying in recent months by Italian business-men. The holding companies of both Mr Gianni Agnelli and Mr Carlo de Benedetti have been interested in building an here interested in building up shareholdings in banks, and both groups were last antumn told by the Bank of Italy that they could not bid for the Italian subsidiary of the Bank of America. The draft proposed would

The draft proposed would limit the size of corporate equity stakes in banks to around 10 or 15 per cent. Explaining the reason for restricting industrial shareholdings in banks to such a minority level, Mr Goria warned of the danger that entrepreneurs or manufacturing companies might be ing companies might be tempted to channel bank loans to their own businesses. Asked to explain why industrial concerns are keen to acquire shareholdings in banks, the Treasury Minister replied that he did not really repied that he did not really understand the logic which "certainly is not because of the profitability of the hanks." Mr Goria added: "For this reason I fear that there are goals which are not fully legitimate and so I have responded with a fairly rigid regulatory proposal." regulatory proposal."

The Geria proposal would prohibit industrialists from having any management functions in banks and, aside

functions in banks and, aside from the limit on equity stakes, would set out sanctions designed to deter corporate shareholders from influencing the bank's lending activities. The central bank is at work on a detailed set of regulations, the Tressury Minister said.

Our Antonio Maccanico, until recently the secretary. until recently the secretary-general to President Fran-

cesco Cossiga, takes over today as the new chair-man of Mediobanca, the state-controlled Milan merchant bank which has been at the centre of a political row for the past year. Mr Maccanico's arrival is expected to bring an end to the 40-year rule of Mr Enrico Cuccia, the 79-year-old board nember who has tended to serve mainly the interests of a tiny private sector elite.

### Euroyen issues trade well but other sectors subdued

BY OUR EUROMARKETS CORRESPONDENT

BOTH THE new issues and ket during the morning.
secondary sectors of the Euro Bank of Tokyo International's bond market were extremely subdued yesterday, taking their lead from the light turnover in the US Treasury bond market.

The main exception was the Euroyen sector, where prices of longer dated assues were marked up to a percentage points higher during the morning, following gains in the roment bond Japanese government be market over the weekend. Enroyen bonds are still sustained by strong interest from Japanese investors, who can obtain a yield pick-up of around 60 to 70 basis poins by switch-

ing out of longer-dated domestic

Two new issues surfaced in this area of the market. The first was a Y15bn deal for Nor-way's Eksperfinans. The issue,

Y15on issue for Canada's Export Development Corporation met a slightly less enthu-siastic reaction as its pricing reected the market's risc. The

#### INTERNATIONAL BONDS

five and a half-year deal carries a 4½ per cent coupon and 101½ issue price. It traded at a bid price of par, a discount equiva-lent to its total fees. Eurosterling bonds traded quietly, after lively activity in recent days. Some dealers moved to lighten their positions

ahead of the Budget today.
J. Henry Schroder Wage
priced a recent £55m convertible issue for Rewntree Mackintosh, the UK confecwhich matures in 1992, carries itonery company, and increased a 5 per cent coupon and a 103 it to £69m. The coupon was sissue price. The bond traded fixed at 4½ per cent, the lower wel within its 1½ per cent fees at about 101½ bld, buoyed up by The conversion premium was the gains in the secondary mar-fixed at 14.3 per cent over a bonds.

three-day average closing share price. The put option was priced at 125 to provide a yield of 8.7 per cent. Credit Suisse First Boston fixed the terms on a recent issue of convertible preference shares for Hawley Gramp a Bermuda-based specialist clean ing company, and increased the issue by \$25m to \$175m. The coupon was fixed at 51 per cent and the conversion premium at 20 per cent over the closing share price on March 13. These were both at the lower end of the indicated ranges.

Short-covering in the D-Mark sector sent prices about point higher in almost purely professional dealing. The recent 64 per cent Federal Railways domestic bond traded at around less 0.85 points bid. In Switzerland, prices moved about 1 point easier in low volume. Dealers said investors

### Japanese futures battle hots up

BY IAN RODGER IN TOKYO

QUALIFIED dealer, whether Japanese or foreign, would be welcome to participate in the comprehensive futures market in Tokyo proposed by

The banks, fighting an 11th hour battle against the Tokyo Stock Exchange's plan to introduce a stock futures market next year, have decided to emphasise the open nature of emphasise the their proposal.

"We want a market that people will not consider re-stricted, said a spokesman for the Federation of Bankers Associations of Japan.

Foreign institutions that have New York or London futures licences would be invited to join, as would Japanese securi-

ties firms. By contrast, the Tokyo Stock Exchange has only nine foreign members and is dragging its feet on demands that others be allowed to join. Banks would not be allowed to participate in the TSE's futures market, because Japanese law prevents

securities.

The banks slan claim that a interest rate futures as well as merest rate futures as well as comprehensive market could be stock and bond futures, is set up in the autumn of 1988 or needed if Tokyo is to take its spring of 1989.

place in the 24-hour trading at present, the only futures system linking markets in Lonmarket in Japan is a bund don, the US and the Far East. futures market, established in The bankers' federation, has 1985. The Osaka Stock Exchange.

siready working on an amendment to the Securities and Exchange Act aimed at accommodating the TSE's stock futures.

The banks are seeking a comprehensive new law that would cover all futures markets because Japanese law prevents and remove any arbitrary banks from dealing in most restrictions on participation, securities.

The banks hope the MoF will The banks also claim that a accept their proposal and that comprehensive futures market, a bill will be presented to the one that includes currency and Diet early in 1988. If so, their comprehensive market could be

submitted its proposal to the is starting a stock futures man-Ministry of Finance, which is ket on April 6.

#### FT INTERNATIONAL BOND SERVICE

Listed are the latest international bomb for which there is an adequate secondary merket. Closing prices on March 18 VEN SYRMAGHTS | Lawred | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 

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The Born of the Control of the Contr

The Date of the Control of the Contr

Rationalisation helps Suter boost its profits by 57%

Sater, the expansive engineering and distribution group, yesterday reported a 57 percent increase in pre-tax profits to £14.9m for the 1986 financial year. This growth was achieved despite difficult trading conditions and reflected the benefits of rationalisation and investment.

(£28.9m) and profits to £3.8m well, increasing turnover to £3.5m. Fully diluted earnings per share rose to 14.7p (£1.2m). Packaging suffered from adverse market conditions in the to pay an unchanged final dividend of 2.8p, although this sectors. Its performance was represents a 20 per cent increase boosted by the addition of allowing for last year's scrip will motts. however, boosting issue. The board proposed

ment.

"We saw 1986 as a very tough year," said Mr David Abell, Suter's chairman. "But most of our businesses produced substantial increases in profits. In 1987 many of our markets should be very buoyant. The company is in super shape and tremendously liquid. We are ready to expand again."

Although Suter is eager to embark upon further acquisitions if envisaged a series of relatively modest deals involving "add-on" companies to complement its existing activities, rather than mounting major bids.

23.7m (£2.2m).

Packaging suffered from adverse market conditions in the general steel and tinplate sectors. Its performance was boosted by the addition of Wilmotts, however, boosting turnover to £27.2m (£25.8m) another conefor-five capitalisation projects had improved after a stringent rationalisation programme.

gramme.
Specialist engineering suffered from the weak US dollar and from investment in new plant for a large contract.
Turnover rose to £17.7m (£15.4m) but profits fell to £1.6m (£1.7m).

Related companies produced profits of £1.5m (£1.2m) and corporate activities £4m (£1.9m). Discontinued opera-

resulted in a slight fall in pre-tax profits from £10.28m to £10.12m for Cambridge Elec-tronics Industries. But the final quarter's recovery in demand enabled directors to recommend an increased final dividend of

The company announced a large-scale restructuring of the group which will involve the creation of divisions, the elimination of some products and manufacturing units, and cuts in middle management.

The continuing recession in the electronics industry has hit and electronic components divisions were affected by the

downturn in the communica-tions, computer and defence industries in Europe and the industries in Europe and the US.

The former's profits fell from \$4.47m in 1985 to \$2.48m, but electronic components boosted profits from £1.57m to £2.47m, with losses in its US subsidiary. Elec-Trol. more than halved despite lower turnover.

A short-term dip in the sales of CI (Polymers) caused a fall in the sales of specialist com-

in the sales of specialist com-panies from 22.7m to 22.6m. But higher sales came from defence and instrumentation

companies, and profits rose

Attributable profit was £3.67m (£5.51m) and earnings per share stood at 14.7p (15.7p).

The extraordinary charge of £1.36m is a full provision for the 1987 costs of restructuring the month.

the group. Directors said the group had emerged from a difficult period in a strong position. They are recommending an increased final dividend of 5.8p per share, waiting the warre making Sp, against last year's total of 7.45p.

comment

the electronics industry has hit Cambridge's profits since 1985, when it reported an 11.4 per electronics companies recently, the market was able to take electronic form £135.65m to £132.4m, the market was able to take these figures fairly stoically pushing the share price down only 3p to 270p. The biggest problem spot was Bepi Circuits, divisions were affected by the which swung into a £750.000 loss from the convenience. from the equivalent level of profits but the whole intercon-nection technology (printed circuit boards) took a nasty knock, However, Cambridge has dug its heels in and rationalised its cost base and loss elimination alone—at Bepi and at Elec-Troi—should add a further £1.5m to pre-tax profits this year. The underlying trend of the statement, and the dividend increase, were fairly bullish indicating that the fourth marrier increase in demand has quarter increase in demand has been continued in the current year. Given CETs operational gearing to a sector recovery, Interest charges rose from achievable pre-tax profit target 354,000 to 2710,000. Tax was indicating that the shares are on lightly higher at \$4.25m a prospective p/e of 13.

#### Sunleigh surges to £621,000

Restated figures from Sus-leigh Electronics showed that in 1986 the group lifted its turnover from £3.33m to £5.63m and its pre-tax profit from £251,000 to £621,000.

The acquisition of Stanelco Products was completed in

After the resumption of dividends at the interim stage, the final is 0.25p for a net total

of 0.375p.
Mr Tony Merryweather, chairman, said he was confident of sustaining the growth

After tax £115,000 (£83,000) the net profit was £506,000 (£168,000) for earnings of 1.63p (0.57p) per share.

#### DIVIDENDS ANNOUNCED

Date Associated in the contract of the contrac	-				
BSR Cambridge Electronic Camellia luv Encalyptus Pulp	5.8 8 17** 2,25¶	of payment June 3 May 19 July 6	1.85 5.25 7	for year 2.7 8 14 20	Total last year 2.4 7.45 13 7
James Fisher	0.35	_	1.7	2.	3.3
Guernsey Atlantic	nil	_	2.8	nil	2.8
Guernsey Atlantics	8		7	8	7
Hawtal Whiting	_	_	Ä		17.5
MAI Int		June 12	0.75	1.751	
Meggitt	1.25	a diffe Ty	1.6*	2.63	2.23*
Majolary	Tai	May 29	T'0.	4.00	3
Pacific Salestint	1	April 2		=	
Pearson		May 29	5.75	13	10
Renishawint		April 27	7 0.7	-	. 2.2
Kenisnaw	1	March 1	6 mil	1	nil
Rockware			-	_	0.5
Savage Group:int			nil	0.38	mil
Cambrigh Elect was a second	O.DOT	Time 15	2,330		3.5
Cutor	2.0	May 8	4.5	7.5	6.2
		May o	7.7	11.5	10
Unidare	8.5TT	may o	1 54		2.64
Unidare WPP Group	1.951	1ATA r	. 1.07		of bowerie
WPP Group Dividends shown pend	e per sh	are net	except	where .	Diffier 419
Dividends shown pend stated. * Equivalent a	fter allow	ing for s	crip 188	16. TU	in capita
stated Equivalent a	nd/or ac	onisition	issues	. ¥US	M Stock
stated. * Equivalent a increased by rights a Unquoted stock.	US cents	For	14 m	mtha.	- Gros



£200,000,000 Floating Rate Notes 1996

Interest Flate Interest Period

tt Irish currency.

9.9375% per annum 16th March 1987 to 16th June 1987

Interest Amount per £10,000 Note due 16th June 1987

€ 250.48

Interest Amount per £100,000 Note due 16th June 1987

£2504.79

Baring Brothers & Co., Limited Agent Bank

### Edinburgh Financial Trust set to provide financial services

SHAREHOLDERS IN Edin-Scottish investment trust, yes—by Mr Judge's consortium, terday unanimously approved which includes Checkpoint Hong their board's proposal that it Kong, Lord Tanlaw's 1965 settleshould give up its investment ment, and Waverley Asset trust status and concentrate Management, a fund managements instead on providing financial ment group based in Edinburgh.

services.
The vote, at an extraordinary general meeting in Edinburgh, marked the defeat of plans by a City with its familiar formula of prodent acquisition, followed

of prudent acquisition followed by stringent cuts and careful investment in new plant and processes, and healthy growth in earnings per share. And thus far all its growth has been gleaned in a hostile climate. This year, for the first time, the climate is more favourable and Suter—cuts and investment completed—is in an enviable position to take advantage of volume growth. Acquisitions apart, with projected profits of £20m the prospective p/e is an undemanding 14.5 on yesterday's share price which fell by \$1 to 277p. The only questionmark hovering over the company—and over all its fellow engineering conglomerates—has been whether it could sustain rather than mounting major (£1.9m). Discontinued operations produced a loss of £400,000 (profit of £100,000) on turnover as one of the most successful divisions in 1986 fuelled by the growth of Searle and Clearplas.

Turnover grew to £39.8m

Weak electronics leaves

Weak electronics leaves

Weak electronics leaves

Weak electronics sector (£4.14m), and minorities took are profits from £10.28m to £10.12m for Cambridge Electronics Balance in more favourable and Sutter—cuts and investment completed—is in an enviable position to take advantage of (profit of £100,000) on turnover volume growth. Acquisitions apart, with projected profits of £20m the prospective p/e is an undemanding 14.5 on yester—day's share price which fell by 34p to 277p. The only question—mark hovering over the company—and over all its fellow engineering conglomerstes—has been whether it could sustain that growth in the long term. In Suter's case at least, the City now seems prepared to suspend its disbellef.

A WEAK electronics sector (£4.14m), and minorities took at tributable profit was £3.67m (£5.51m) and agreement to take advantage of position to take advantage of 20m the prospective p/e is an undemanding 14.5 on yester—day's share price which fell by 34p to 277p. The only question—mark hovering over the company—and over all its fellow engineering conglomerstes—has been whether it could sustain that growth in the long term. In Suter's case at least, the City now seems prepared to suspend its disbellef.

A turbutable profit was £3.67m (£5.51m) and agreement to take advantage of position to take advantage of 200m the posit

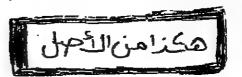
burgh Financial Trust, a small strategy for EFT was opposed Scottish investment trust, yes by Mr Judge's consortium, terday unanimously approved which includes Checkpoint Hong

Lord Sanderson of Bowden, chairman of EFT, told share-holders in a circular that his board opposed the consortium's plan, believing that the strategy marked the defeat of plans by a consortium headed by Mr Bruce plan, believing that the strategy of acquiring strategic stakes was preneur, to take control of EFT, increase its capital and use it to acquire strategic stakes in public companies.

Shareholders also approved the purchase by EFT of the remaining 70 per cent stake in First Northern Finance Corporation. The EFT board's own proposals were launched with the backing of the trust's major.

The EFT board's own pro-posals were launched with the backing of the trust's major shareholders, including Equit-able Life and Capara Invest-ments, which meant that it had more than 32 per cent of the equity in its favour. Yesterday Lord Sanderson said that he had proxies for 12m to 13m shares in favour of the board's plan,

A set of resolutions pur forward by Judge Corporation, Mr Judge's company, was with-drawn and not put to a vote. It asked shareholders to replace EFT's directors with a group led by Mr William McLucas, manage g director of Waverley Assets



#### **Summary of Results**

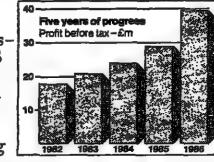
Year ended 31 December	1986 £m	1985 £m	
Turnover	134.4	110.0	+22%
Profit before taxation	14.9	9.5	+57%
Profit after taxation	10.7	6.2	+73%
Earnings per share (fully diluted)	14.7p	11.6p	+27%
Dividends per Ordinary share	4.2p	4.2p	<b>+20%</b> †

#### The Chairman, Mr. David Abell, reports:

- ★ Excluding impact of UKO International acquisition, Group pre-tax profit increased by 38% in generally difficult market conditions. Improvement in the longer established Suter businesses is even more marked.
- ★ †Dividends represent 20% increase following 1-for-5 scrip issue in June 1986. Further 1-for-5 scrip issue proposed for May 1987. ★ Encouraging start to 1987, which is expected to be another year of considerable success.
- Copies of the full Annual Report & Accounts 1985, which will be posted to shareh



and engineering, information technology is now the key to In 1986, it helped the many companies which make up the Transport Development Group achieve record profits of



	1986 £m	1985 £m	% change
Turnover	543.2	481.5	+12.8%
Profit before tax	39.4	29.7	+32.7%
Earnings per share Dividends per share	17.2p	12.4p	+38.6%
Dividends per share	7.5p	6.2p	+21.0%
Return on capital employed	19.8%	16.1%	+23.0%

force behind an increase in earnings per share from 7.9p in 1982 to 17.2p in 1986.

At the same time, by operating in a number of well-chosen geographic areas and carefully selected market sectors, TDG has ensured that investment risks are spread.

No wonder our shareholders like what they see on the end of the fork.



For more information about the Group, and for a copy of the Annual Report 1986, please write to Transport Development Group PLC, Windsor House, 50 Victoria Street, London SWIH ONR.

Transport Development Group PLC

### Pearson improves by 11% to £121m

BY MARTIN DICKSON

Pearson, the publishing, banking and industrial group, yesterday announced 1986 pretax profits of £121.1m, up 11 per cent on 1985's £109.3m. A strong performance by its information and entertainment division—particularly by the made a hostile bid in his life Financial Times—and by its and was unlikely to do so now merchant banking interests out in a foreign country. weighed the impact on its oil subsidiaries of the sharp drop in crude prices.

Earnings per share were up 25 per cent at 37.4p (30p) and the final dividend is 7p (5.75p), making 12p (10p) for the year, an increase of 20 per cent.

The figures were towards the upper end of analysts' expectations out some tions, after stripping out some £3.3m of savings on pension fund contributions. There was also a £3.7th profit contribution from land sales. But the shares closed at 574p, down 15p on the

in response to questions that there had been no recent significant changes in the company's share register.

Mr Li, he said, had never made a hostile bid in his life

in a foreign country.

Pearson's information and entertainment division produced 1986 trading profits of £70.3m, compared to £49.9m the year before. The company de-clined to break this down further, but said the Financial Times, which had produced "extremely good" figures, was the largest contributor. This was its third successive year of record profits and circulation. It had made more profits in the past two years than in the previous 25.

previous 25.

The paper is making a £70m investment in new printing technology at a plant in docklands.

Pearson's 1986 figures include a £28m extraordinary provision for the cost of discontinuing the FT's printing according at its Brecken House closed at 574p, down 15p on the day, on profit-taking.

Pearson has long been the subject of bid rumours and thes intensified last year when Hutchison Whampoa, the Hong Kong group controlled by Mr Li Rashing, built up a 4.9 per take in the company.

In the company investment in new printing technology at a plant in docklands.

Pearson's 1986 figures include a £28m extraordinary provision for the cost of discontinuing the FT's printing operation at its Bracken House headquarters. Net of tax relief

by offsetting gains on the sale of its Fairey engineering compan-ies and some of its provincial newspapers. In 1985 their was a £11.5m extraordinary profit.

Lord Blakenham said the group's provincial papers had improved their profits substantially, while book publishers Penguin and Longman had strengthened their US opera-tions by acquisitions, which should ensure healthy US profits coming through in the near future.

Trade publishing generally had been sluggish in 1986 but Penguin had enjoyed an upturn in the last quarter which had continued into 1987. Pearson's investment banking

interests, through the Lazards houses in London, Paris and New York, produced profits of £28.4m last year, against £22.7m in 1985, and the company said increasing co-operation between the three placed them in a strong position to take advan-tage of the growing inter-

But Lord Blakenham, chair this is £18m. But Pearson's nationalisation of financial man of Pearson, said yesterday overall extraordinary losses for markets. However, Pearson's Royal Doulton fine china business saw

Doubton fine china business saw profits fall last year from £18.5m to £16.5m as it was hit by a large drop in the number of US tourists visiting Britain. The group's oil industry profits dropped from £19.5m to £6.5m. The discontinued Fairey businesses produced profits of £4.9m (£13.2m), end other intercers less expeliess contin-

interests less expenses contri-buted £5.5m (£0.7m). totalled Group turnover £952,6m (£970.1m) charges were film (£15.3m) and the tax charge was £44.5m (£46.5m). Exchange rate move-

ments reduced profits by some \$\frac{2}{3}\text{m} \text{ compared to 1985.}\text{ Overall net borrowings were reduced from \$123\text{m} \text{ to \$275\text{m}\$ during the year, resulting in a debt/equity ratio of 16 per cent at the year end. Shortly after the year-end, liquidity was further improved by the receipt of engineering interests.

As for 1987, Lord Blakenham

### Electronics boost lifts BSR into profit

with pre-tax profits of £11.7m ompared with restated pre-tax losses of £7.4m last time. City analysts had expected profits of £12m. Turnover jumped by 32 per cent from £261.8m to

Mr Bill Wyllie, chairman, said that BSR had benefited from the worldwide improvement in the electronics industry. In 1985 the company's electronics interest had shown a loss of £13.8m; in 1986 this had loss of £13.8m; in 1986 this had been reduced to £18.6m, partly through the injection of profession on turnover up from ceeds from the sale of the company's Capetronic from pany's Capetronic from the sale of the company's Capetronic from the ca He said that the directors and

BSB International, the Hong executives had expended con-Kong-based electronics group, siderable personal energy and moved back into the black in effort to conclude the rationalities year to December 31 1986 sation programme started in

hity.
Mr Wyllie said that particular Mr Wysie said that particular emphasis had been placed in 1986 on restructuring the balance sheet to position the group for expansion both organically and by acquisition. The heavy net bank borrowings of £34.7m at the end of 1985 had pany's Capetronic group of electronics subsidiaries based in

Taiwan for \$12.25m (58.5m) in

He added that a further inflow of £16.2m, resulting from the sale of the remaining 40 per cent shareholding in Tenby Industries, would almost eliminate these borrowings early in the current year.

early in the current year.

BSR sectors reported as follows: sound and vision, \$1.7m (£5.7m) on turnover of £148.1m (£102.9m); communications, £300,000 (£400,000 loss) on turnover of £17m (£2.2m); housewares £900,000 (£400,000 loss) on turnover of £35.8m (£31.4m); and industrial, £2m (£1.5m) on turnover of £15.3m (£31.6m).

Executional terms brought in

Exceptional items brought in

\$1.8m (£900,000 debit) and interest charges fell £900,000 to £5.7m as a result of lower interest rates. Investment in research and development took £6.5m (£6.1m).

An extraordinary debit of £300,000 consisted of exchange losses incurred by Capetronic and residual closure costs of the group's audio businesses in Stourbridge, Worcestershire, and North America.

Tax took £1.2m (£400,000) and earnings worked through at 10.5p, compared with a loss of 6.4p last time. The proposed gross final dividend is 2.1p (1.85p), making a total of 2.7p

#### Wardle Storeys' record attacked by Chamberlain

Chamberlain Phipps, the shoe cribed the forecast as dis-imponents and adhesives appointing, is affering three of components and adhesives group currently fighting off a bid from budding industrial conglomerate, Wardle Storeys, forecast a 29 per cent earnings per share increase for the cur-rent year in its defence document issued yesterday.

Pre-tax profits are forecast to

rise 12 per cent to £5.75m from the previous year's £5.1m, thanks to an improvement in the general industries division and a reduction in the interest

The boost to earnings per share will largely be due to a sidiary of Burmah Oil, for tax charge, down to around 36 \$3.15m.

stage.

Mr David Chamberlain, the group's new chairman, attacked the record of Wardle Storeys and repeated his view that the bid had no industrial logic. Wardie, which yesterday des-

its ordinary shares for every 10 in Chamberlain. On the basis of last night's closing share price—Wardle up 5p at 438p, and Chamberlain up 5p at 141p —the bid is currently worth £47m, or 131p per share.

Halma purchase

Haims, the specialist health, safety and security group, has moved into the ultrasonic cleaning and welding industry by buying Kerry Ultrasonics, a sub-

cent forecast at the interim LINCROFT KHLGOUR, now 98.6 per cent owned by Priest Marians, produced surnover £8.6m in year ended Septem-ber 30, 1986 (£8.2m) and pre-tax profit £1.37m (£1.34m). Earnings 21.4p (19.4p) per

#### Successful litigation gives Renishaw interim boost

SUCCESSFUL patent litigation gave Renishaw, manufacturer of machine tool measurement probes, an interim profits boost of £2.4m to £4.2m, \$9.5 per cent higher than 1985's figure of £2.2m.

The company received £3.51m from GTE Valeron Corporation as a result of its past infringe-ment of patents owned jointly by Renighaw and Rolls-Royce.

Legal costs took £171,000, and the relocation and re-organisation of Renishaw-MAE took \$950,000, leaving an excep-tional credit of \$2.4m.

Turnover in the six months to December 31 1986 rose 19.8 per cent to 210.18m. Profit on tional items amounted to £1.8m. 18.4 per cent lower than 1985's figure of \$2.21m.

**€** comment

Renishaw, it seems, can do no 1987/8 wrong. MAE continues to eat beano.

up profits, following last year's £400,000 trading loss with a further \$300,000 loss and £950,000 in reorganisation costs; sales of existing products fall short of expectations in response to the downturn in machine tool sales; R&D costs mount and the launch costs of new products still have to be taken on the chin; end yet the share price rises by nearly 10 per cent to 294p. The current year is set to be a disappointing one, with only the 23.3m legal settlement saving the group from the ignominy of a sharp downturn in profits.

Probably 28m is in sight, for a prospective p/e of 16. If that looks high, it is because this is and is now seen to be well Renishaw's technology is strong patented, so if those new products live up to expectations and coincide with a resurgence in the capital goods sector, 1987/88 might just provide a

### Belgian stake leaps to 22%

Tractebel and Groupe

Bruxelles Lambert, the pair of Belgian companies which are persuing imperial Continental Gas, announced yesterday that about half of their partial tender offer for the partial tender other for the company had been taken up. As a result, the Belgians' holding in IC Gas has increased from 15 per cent to 22.2 per cent, compared to the 29.3 per cent that they were out to explure.

We billed Bead one of the

out to capture.
Mr Dillon Read, one of the
advisers to the Belgians, said
yesterday that the tender had
taken the companies "some
way to achievin giheir objective," which was to prevent
IC Gas's substantial Belgian
investments from falling into
the wrong hands. "As 22
per cent we are well placed
to exert a major influence." exert a major influence,"

It is uncertain whether the It is uncertain whether the Belglan companies will follow the tender with a fall offer for IC Gas. Mr Read said yesterday: "At the moment we are not sure where to take it from here" and added that a decision would probably be

made today.

The parcial success of the 710p tender offer contrasts to the failure of a similar tender at 700p by SHV, a private Dutch company, which last Wednesday announced that it had failed to win even the minimum number of accep-

It is now doubtful whether SHV will make a second attempt to acquire a large part of the company. On Friday it said that it did not the second of the second plan to scupper the Beigians' offer by launching a higher one, but maintained that it was keeping its options open. The company also said it had "no current intention" of making a full bid for the company, although this could

presumably be reversed if the Belgians decide to make a full bid. Yestreday IC Gas shares dipped 7p to 713p.

Metalrax

Metalrax Group, specialist engineer, has reported pro-tax profits for 1986 of £4.16m, up from \$3.68m adjusted for two
acquisitions during the year.
Turnover increase from
\$37.08m to \$38.78m.

Earnings per 5p share were 7.04p (5.99p). The directors are proposing to increase the final dividend from an adjusted 1.6p to 1.9p making a total for the year of 2.63p (2.23p). They are also recommending a openion. 10 also recommending a one-for-10 scrip issue, the 18th year in succession that one has been

The tax charge was £1.55m (£1.45m) and dividends absorbed £974,000 (£802,000) leaving profit for the year at

BLUE CIRCLE Industries: Adelaide Steemship's wholly owned subsidiary, Ashburton Pty, is no longer interested in any shares of the company.

### APV's offer for Baker Perkins unconditional

borough engineering group Baker Perkins unconditional, after receiving acceptances from holders of 51.7 per cent

Shortly before, Hollis Group, the vehicle for publisher Mr Robert Maxwell's expansion into engineering, announced that it would be accepting in respect of its 10 per cent holding in Baker. However, accepting in Baker. However, accept-ances on behalf of this holding came too late to be included in the figures published yesterday. A statement from Hollis ex-plained that its principal interest in Baker had been the printing machinery division, which accounted for more than 70 per cent of 1965/6 profits,

substantial customers of Baker Perkins.

Pergamon, Mr Maxwell's private company, said it had recently held discussions with "certain substantial companies involved with food processing machinery, one of which is thought to have been a Swedish company. The plan would have been to mount a joint offer for Baker Perkins, Hollis and

APV Holdings, process plant though only about one-fifth of engineer, yesterday declared sales. Mr Maxwell's publishing Hollis stake, which would give the first for Peter interests, including BPCC, are the company a four per cent

"We do intend to increase this," he added, "and we may go over the five per cent level." Sir Ronald Meintosh, chairman of APV, had reassured Pergamon that APV regarded RPCC as an important customer and the trading relationship would continue, he added.

Sir Ronald said that he was Baker Perkins, Hollis and Pergamon retaining the printing machinery division.

"It has not been possible in the time available to put such a proposal together," the statement added.

Yesterday Mr Maxwell said that he was not in the slightest bit worried" about the Hollis worried about the Hollis worried about the Hollis and proposal together, the state but was extremely pleased at the success of the bid a week before the final closing date. Yesterday, APV shares added 3p to 704p while that he intended to accept the 351p.

### WPP in \$31m US expansion

as the UK's second largest marketing services company WFP has turned its sights on the US with the purchase of two graphics and design com-panies for a maximum \$90.5m (£19.32m).

(£18.32m).
The acquisitions, numbers
14 and 15 in the last two years,
were announced on the same
day as the results for 1986 showing pre-tax profit increased by more than four times to £1.76m (£412,000). Turnover rose by almost six times to £23.69m (£3.96m).

The earnings per 10p share came out at 13.84p (5.73p) after adjustment for last year's rights issues. The directors are pro-posing an increased final payment of 1.95p (1.54p), making a total of 3.2p (2.64p). WPP is buying Sidjakov Berman Gomez & Partners, cor-

porate identity and packaging design company based in San design company based in San Francisco, for an initial \$4.2m cash and further profit-related payments in shares and cash to a maximum of \$15.5m. Sales have grown from \$1.8m in 1982 to \$5.7m in 1986 with profits rising from \$155,000 to \$880,000

in the same period.

Walker Group/CNI, retail design, based in New York and Los Angeles, has seen sales increase from \$5.8m in the year to end-February 1983 to \$8.5m forecast for the year to the end of February 1987. During that time a loss of \$45,000 became a projected profit of \$700,000. WPP is paying an initial \$3.5m cash with further profit-

related payments in shares and cash to a maximum of \$15m. The initial cash payments and part of the future payments are to be inanced by the placing of \$15m of 8.75 per cent loan notes with detachable warrants by Rasor, WPP's US holding com-pany. The warrants will be con-vertible into ordinary shares at about 1140p.

Agreement has been reached in principle for the loan notes and warrants to be placed with a major US pension fund.

The group also announced that Mr Daniel Morris has been appointed non-executive director on the US holding company and Mr Michael Rubinstein joins the US group as financial controller.

Agreement has been reached

The WPP whirlwind continues.

It is less than two years since Martin Sorrell and Preston Rabi sarrived at the company but during their stewardship the shares have risen in value. by more than 20 times. With the price at 975p yesterday and analysts expecting £7m for the current year the prospective p/e is an awesome 33. The main factor behind the high rating is the reputation Mr Sorrell acquired at Saatchi and Saatchi for his ability to guide an ambitious acquisition pro-gramma. But WPP has chosen its brainesses well; in the domi-nant marketing services division no market is growing by less than 15 per cent annually and incentive and motivation is showing expansion of between 25 and 35 per cent. This year to more than double even withon the boost they will receive evitable boost they will receive from a further round of acquisitions. The sharea will perhaps not grow as fast as they have done in the past 22 months but they seem certain to continue erforming the market.

#### Mallett heading for City with £16.6m market value

BY RICHARD TOMKINS

seeking a full listing on the stock market, yesterday unveiled the prospecing for its flotation at a market capitalisation of £16.6m.

40 New Bond Street and Bourdon House, off Berkeley Square.

Its customers are mainly private individuals and include many of the wealthiest people in the world.

Lloyds Merchant Bank is placing 6.24m shares, or 45.2 from £734,000 in 1982 to £1.56m of the enlarged equity, at 120p in the year to last December but the historic price/earnings shares are being issued by the company and the rest are being sold by existing shareholders \$487,000 and is \$12.2.

Tyzack loses one investor but gains two more

TT BELTS

by Clay Herris

W. A. Tyrack, the Sheffeld-based engineer, has lost one large offshore investor and attracted two new-ones. Quail Investment Company, based in Nassau, and Quarius investments of Jersey together have bought the 29.56 per cent stake formerly held by Gild Investments of Monaco.

The two investment groups shares are being issued by the company and the rest are being before an exceptional item of sold by existing shareholders including Sears, the stores and shoes group.

Mallett claims to offer rowings and unsecured loan antiques of unrivalled quality and range from its premises at capital.

The proceeds of the placing will be used to repay bank borrowings and unsecured loan attiques of unrivalled quality and to provide working and range from its premises at capital. paid 840 per share. Yesterday's market price of 93p, up 10p, puts

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 and 25p per minute (evenings) including VAT.

recement does not constitute an invitation to any person to anhealthe for or purchase shares. Application has been made to the Council of The Stock Exchange for the Ordinary share capital of Mallett PLC, issued and now being issued, to be admitted to the Official List.

#### MALLETT PLC

(Incorporated in England and Wales under the Companies Acts 1948 to 1981. Registered No. 1838233)

Placing by

LLOYDS MERCHANT BANK LIMITED

of 6,240,000 Ordinary shares of 5p each. at 120p per share

Share capital

Issued and now being issued, fully paid £690,003 in Ordinary shares of 5p each

The Mallett Group, one of the oldest established antique dealers in the United Kingdom, deals in high quality antique furniture and works of art, specialising in the eighteenth century and Regency periods.

Lloyds Merchant Bank Limited has placed 6,240,000 Ordinary shares as to 75 per cent. through Greenwell Montagu Securities and as to 25 per cent, through Panmure Gordon & Co. Limited as part of the Placing strangements.

Listing Particulars relating to the Company are contained in new issue cards circulated. by Extel Statistical Services Limited and copies of the Listing Particulars may be obtained. during normal business hours, up to and including 31st March, 1987, from: Lloyds Merchant Bank Limited.

40-66 Queen Victoria Street

London EC4P 4EL

Greenwell Montagu Securities, Bow Bells House, Bread Street, London EC4M 9EL

**Authorised** 

£1,200,000

Pantrure Gordon & Co. Limited, 9 Moorfields Highwalk London EC2Y 9DS

and, during normal business hours on 18th and 19th March, 1987, from:

The Company Announcements Office, The Stock Exchange, Throgmonon Street, London EC2P 28T 17th March, 1987

U.S. \$75,000,000



Banco Mexicano Somex S.N.C. Floating Rate Notes Due 1991

In accordance with the provisions of the Fiscal Agency Agreement between Banco Mexicano Somex S.N.C. and First Interstate Capital Markets Limited, dated as of 4th September, 1986 notice is hereby given that the Rate of Interest for the next six month Interest Period has been fixed at 7% p.a. and that the interest payable on relative Interest Payment Date, 18th September, 1987 in respect of U.S. \$100,000 nominal amount of the Notes will be U.S. \$3,705.56.

Reference Agent

17th March 1987

### SPONSORED SECURITIES

- 1					•	Gross	Yield	
1	High	Law	Company	Price	Change	div.(p)	%	P/E
1	161	118			-	7.3	4.6	9.6
1	163	121	Ass. Brit. Ind. CULS		-	- 10.0 -	8.1	
1	40	28	Armitage and Rhodes	36	+1	4.2	13.7	. 50
1	80	64	BBB Dealgn Group (USM)		+1	1.4	1,8	18.1
1	220	700	Bardon Hill Group	221	_	4.6	2.1	25.7
	108	65	Bray Technologies	105	-	4,3	4.1	12.6
1	138	75	CCL Group Ordinary street	132	-	2.9	2.2	8,4
1	107	<b>8</b> 6	CCL Group 11pc Conv. Pf	.99	ستر ر	15.7	15.9	_
1	<b>27</b> 1	116	Carborundum Ordinary	· 266		9.1	3.4	12.9
]	94	90	Carborundum 7.5pc Pf.	94			11.4	-
1	125	75	George Blair	89	_	~ 3.8	4.8	2.3
1	175	67	Ind, Precision Castings	775	_	6.7	5.6	10.3
	1.56		tais Group	121	<u> </u>	18.3	_	
1	124	701	Jeckson Group	122	+1	6.1	5.0	8.3
1	977	300	James Burrough disconnections	366	_	17.0	4.6	10.3
1	100	89	James Burrough Spc Pf	89	_		14.B .	
3	1035		Multihouse NV (AmatSE)	780	<u> </u>			40.9
1		20	Record Ridgway Ordinary	356 .	_		_	6.3
1	100	83	Record Ridgway 10pc Pf	83	_	14,1	17.0	=
1	91	67	Robert Jenkins	88	_	_		3.8
1	67	30	Scruttons	67	+1	_		•
1	151	67	Tordey and Carlisia	151	- +1-	5.7	3.8	9.2
1	240	-	Travian Holdings	324		7.9	2.4	6.7
1	91	42	United Holdings (SE)		+1	2.8	3.7	16.8
	129	65	Waiter Alexander	127	_	5.0	3.5	12.2
	200	187	W. S. Yestes	193	_	17:4	9.0	19.3
1	99	87	West Yorks, Ind. Hosp. (USM)			5.8	6.7	14.1
- 1	-		tarmer rene stanke facilità			444	G-1	

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THE FILOFAX

How did it get

Part One -

**Offshore** 

bids £2.2m

for GAST

Guernsey Atlantic Securiti

Trust, a small offshore invest-

pany, the trust services arm of the Bank of Bermuda.

The bid, which offers share-holders 127 per cent of GAST's formula asset in cash, starts

with acceptances from holders of 86.9 per cent of the com-

On March 9, formula asset

trust

By Nikidi Tait

# **Enlarged Meggitt shows** 68% annual advance

A Company of the Comp

FURTHER GROWTH in the original Meggitt companies and a significant recovery in profit-virtually eliminated.

meant that at the year-end plastics division. The results for 1986, nevertheless, included a full contribution for Appendix to the Royal Profit. original Meggitt companies and a significant recovery in profitability in the Bestobell group. enabled the merged Meggitt Holdings group to lift its pretax profit by 68 per cent on an annualised basis.

Actual accounts

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N.C.

Actual accounts run for 14 months ended December 31 1986, and included Bestobell for the same period. Group turn-over came to £202,78m and the over came to £202.78m and the pre-tax balance to £13.58m. In the previous year they produced £175.14m and £6.9m on a merger basis, while Meggitt's figures alone were £28m and £2.12m

Meggitt acquired Bestobell at the end of last August after a hofly contested battle. With effect from January I Bestobell bad been incorporated into the divisional structure. That was already demonstrating benefits as new market and product opportunities were developed and exploited, the directors said. The level of orders in the The level of orders in the divisions showed steady improvement in the early months of this year and the directors the future with

The dividend is being improved on the forecast; the final is 1.25p for a net total of 1.75p, against 0.75p for the previous year.

Meggitt's substantial cash balances, combined with good cash generation by Bestobell of the rubber and far away.

In addition, Meggitt had after a 35 per cent tax charge. That might look a little rich, but the market is already looking ahead to the next deal; and with Meggitt running a cash were in final stages for the dispersion of the rubber and far away.

A STRONG recovery in the price of wood pulp helped Eucalyptus Pulp Mills to double

pre-tax profits for 1986. The directors of this Bahamas-based

company, which makes pulp from encalyptus wood in Portu-

gal, are proposing to increase the total payment of 20p gross against 7p with a final dividend

A five-for-one share split is

also proposed by the company which is 42.5 per cent owned by Ibstock Johnsen. The shares

Virtually eliminated.

Of the Meggitt companies,
Negretti Aviation made a particular contribution and Holsworthy continued to expand.

Bestobell performed well in
the second half, the aerospace
side, particularly in the US,
continuing to win new orders
and increase profitability. However, at Bestobell Mohrey a
major reorganisation was under
way and estimated £892,000
costs had been provided as an
extraordinary item.

Expansion at both Avice

Expansion at both Avice and Silicone Engineering required relocation to larger premises; the estimated cost, which the Bestobell board had not foreseen at the time of the offer, had been included as a charge in arriving at the

Prior to the Meggitt offer, a number of Bestobell's overseas operations, notably Singapore and certain engineering activities in Australia, were either shut or sold. The £1.25m costs had been treated as extraordinary.

rose by £11 to close at £10f.

out at 140.1p (59p).

tralian operations.

Meggitt had decided not to

take credit for the "pension holiday" that the previous board of Bestobell had proposed and included as part of its profit forecast.

comment

Extrapolating the profits fore-casts which Meggitt and Besto bell put out last year would have produced a combined total for the 14 months of nearer £16m than the £13.5m reported. Bestobell's forecast, however, included an £872,000 pensions holiday which Meggitt has now deferred, and did not provide for reloaction costs at Avica and Silicone Engineering which have taken another 2500,000 out of the pre-tax figure. Given that the extra two months in the year were dull November and December, then, the out-turn was not at all bad. the out-turn was not at all bad. The current year looks set fair for around £18m from the existing activities, putting the shares, up 7½p at 176½p, on a prospective p/e multiple of 19 after a 35 per cent tax charge. That might look a little rich, but the market is already look.

Pulp price rise helps Eucalyptus The tax allowances in Portugal for investment kept the tax

Turnover improved from The tax allowances in Portu-224.79m to £29,68m, giving pre-tax profit of £5.9m, against charge down to 5 per cent of £2.9m. Earnings per share came pre-tax profits. Operating profit was £6.27m (£3.34m) with a further £270,377 (£37,952) from a reduction in the provision for unrealised exchange losses. The interest charge was £635,486 (£479,629). Mr Paul Hyde-Thomson, chairman, said turnover rose by 20 per cent on volumes similar to the previous year. Investment in recent years had helped productivity and enabled increases in manufacturing costs to be held at modest levels. Notable Tax was £289,601 (£527,040) and minorities took £396,571 (£179,505), leaving attributable profit of £5.22m, against £2.2m. savings in distribution costs

### COMPANY NEWS IN BRIEF

PACIFIC SALES Organisation interest costs. Costs (distributor of leather and travel goods and giftware); Interim dividend ip (same) for half year to December 31 1986. Turnover £2.69m (£2.76m) and pre-tax profits \$405.251 (£525,668). Earnings per 10p Superjet from Norress for Share 5.18p (6.34p) after tax of £146,019 (£208.804). Results affected by slight reduction in gross margins and increased UNIDARE (maker of elements).

NOTICE OF EARLY REDUNFTION

US\$200.000.000

Lloyds Eurofinance N.V.

Guaranteed on a subordinated basis by

Guaranteed Floating Rate Notes due 1993

POWELL DUFFRYN, fuel distribution and specialist engineer, has agreed subject to contract to acquire Radiant Superjet from Noveres for a consideration of £475,000 payable in each at completion.

UNIDARE (maker of electrical

cables and transformers): Final dividend 8.5p making 11.5p (10p) for 1986. Sales IE56.06m (IE53.61m) and pre-tax profit IE3.84m (IE3.48m), against IE2.96m. Estnings 23.21p (18.42p) per 25p share.

HODGSON Holdings has agreed terms for the purchase of W. H. Wigley of London for about \$415,000, This is the eleventh acquisition since Hodgson's float and it will have increased its annualised turnover by more

# responsibility for any redund-ancies which may have occur-red. We apologise to Mr Patal

cimilar lines.

Results from GAST yesterday showed an increase in net asset value from 194p to 228p during 1986, but a drop in pre-tax revenue from 230,655 to £29,419. There is no dividend for the year (3.8p).

In our article of March 10 entitled "Henson poised to sell Finlays 292 shope" we encorrectly suggested that CTN Retail was a company belonging to Mr Arushhai Jashbhai Patel and that following a purphase of

and that following a purchase of some Finlays shops last year by CTN Retail Mr Patel was responsible for the loss of the jobs of 34 out of 38 managers. Mr Patel has no connection with CTN Retail other than as

auditor and professional adviser and as such has no

Mr A J Patel

fiths, a director, has transferred 15,221 ordinary, thereby reduc-ing his beneficial interest.

stered flower of special shares (4.78 per cent).

Mr S. J. Israel has disposed of 240,000 shares. He is the registered holder of \$,168,027

Mr M. K. Israel has disposed of 240,000 shares. He is the registered holder of 3.218,208

CHANGES in share stakes announced during the past week included:

Transwood Group.—Mr J. N. Oppenheuim, chairman purchased 300,000 ordinary, making his holding 3.5m shares.

Wooltous Betterware.—Chairman Mr R. C. Thornton holds 150,000 ordinary (company correction).

J. Sainsbury.—Sir Roy Griffiths, a director, has transferred 15,221 ordinary, thereby reducing his beneficial interest.

of 3,099,504 shares (4.625 per cent).

Mr M. H. Alexander has disposed of 240,000 shares. He is now the holder of 3,099,504 shares (4.625 per cent).

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Mr M. H. Alexander has disposed of 240,000 shares. He is now the holder of 3,099,504 shares (4.625 per cent).

Microvitec.—Dr A. Martinez, the chairman, has purchased 50,000 ordinary, bringing his beneficial holding to 80,000.

Fineapple.—The following directors have increased their

ing his beneficial interest.

Jack L. Israel.—Miss L. J.

Israel has disposed of 240,000

Israel has disposed of 240,000

She is now the registered holder of 3,168,027

shares (4.73 per cent). increased his holding to 948,778 ordinary, and Don de Groot to

ordinary, and Don de Groot to
107,815 ordinary.
Antlez.—J. Saville Gordon
group's subsidiary. J. Saville
Gordon (Commodities) holds
290,000 shares, and D. Saville,
a director of J. Saville Gordon
(Commodities) personally owns
50,000 shares. In total, this
represents 5.79 per cent.

## TDG slows in second half

IN A YEAR when "much went storage businesses were en-right," Transport Development hanced by favourable exchange Group lifted its turnover by 13 rates. by 33 per cent for 1986.

ment company whose shares trade on the Unlisted Securi-Following the halftime warning, the second half profit growth fell to 24 per cent after reaching 46 per cent in the opening period. For the full year turnover came to £543.2m (£481.46m) and the profit to £39.36m (£79.67m). ties Market, has agreed to a \$2.24m bid from another off-shore company, JCS International. JCS was set up in Guernsey in 1981—the same year as Guernsey Atlantic—and is owned by Bermuda Trust Com-

Sir James Duncan chairman, reported that changes of the past few years had produced past few years had produced results. Some seemingly intractable problems, like the losses of the parcels business, appeared to be well on the way to resolution.

With the exception of Australia, whose contribution to the pre-interest profit fell from 6 to 4 per cent, the economies in which the group operated moved shead quite strongly. pany's shares, including direc-tors who hold a 12.8 per cent value was erimated at 260p, which makes the offer worth 331p a share. Yesterday GAST's

The UK accounted for 61 per cent (62) of profit, Europe 23 (20) per cent, and North shares, suspended since just before Christmas at 190p, re-turned at 330p.

For shareholders in GAST, many of whom are clients of London stockbrokers Laurence (20) per cent, and North America 12 per cent again. The chairman said excellent Prust, this is the second time their holdings in a quoted offshore trust have been taken out at a substantial premium. The first occasion was when the ill-fated Sturia Boldings made a £1.4m bid for First Guernsey Securities Trust in 1981, offering a 20 per cent premium to net assets. The offer was duly accepted and within five months, former directors of that trust launched GAST.

Other UK contributors were storage £12.66m (£12.68m), plant hire £2.4m (£1.28m) and reinforcement and exhibitions £3.25m (£1.36m).

Yesterday, Mr Bill Stuttaford, a director of GAST, said that the directors who will now resign from the board intended

**BOARD MEETINGS** 

After tax and minorities, the year's attributable profit turned out at £24.76m (£17.83m) for earnings of 17.15p (12.37p) per share. The final dividend is 5.5p for a net total of 7.5p, compared with 6.2p.

These figures show that the investment TDG is making in computerisation and the grouping together of haulage operaresults came from many of the made the transition from being road hardage companies in the a simple lorry operator to an UK, and the overall profit integrated better margin businessed up to £11m (£8.5m), ness based on long-term relationships with customers. Hownoticed an improvement in uticonditions, led to a substantial increase in profitability.

Other IVE contributors were substantial increase in profitability. In the overseas markets, road haulage accounted for £11.97m (£7.86m), storage £3.67m short-term. Haulage margins (same), plant hire £163,000 look firm nonetheless and this (£213,000) and reinforcement 52.94m (£2.85m). The Dutch which has the shares at 242p and French transport and prospective multiple of 13.

London and Edinburgh Truet ...
Lowe Howard Spink and Bell...
Pleamed ...
Pleam

Stanley (A. G.) ...... Tibbett end Britted ... Watts Biske Beeme ...

In compiling the 1986 results, the figures for the first half were restated using the ex-change rates ruling at Decem-ber 31 and allowing for the reduction in pension costs arising from the actuarial valuation. Pension costs were £1.94m (£2.73m) and redundancies £289,000 (£616,000).

comment

tions is paying off. As the re tailers become more determined than ever to minimise stocks and to have overnight delivery. haulage is rapidly developing from "hire and reward" into a true service business. TDG has cial and property development visks involved in the setting up of dedicated distribution centres to service specific retail chains. In time this attitude should have its own reward although it could well be at the expense

### **FUNNY MONEY** Nigel's 'Bodge-it' Special Those Budget details in full from our team at the Westminster Arms.

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Notice is hereby given that in accordance with the terms and conditions of the Notes, the new Rate of Interest for the period April 15, 1987 to April 14, 1990 will be fixed by the Company and notice of the new Rate of Interest will be published on March 27, 1987.

By: Citibank, N.A. (CSSI Dept.), Agent Bank March 17, 1987, London

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# It's what the Chancellor doesn't say that's important

To understand the full implications of the Budget you need to read between the lines. Hoare Govett's clients will have their budget analysis on their desks by 9am Wednesday 18th March.

This analysis will be produced by Hoare Govett's UK Economics and Research teams led by: Roger Nightingale

Bob Cowell Richard Jeffrey

Budget analysis is also available on TOPIC (18700) and PRESTEL (88170300).



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Lloyou Bank March 17, 1987, Londo **CITIBANKO** 

# Cement-Roadstone

Record profits in year of strategic acquisitions

1985 Increase IR£529.8m +7.1% IR £567.3m Sales +29.0% IR£ 27.6m IR£ 35.5m **Pre-tax Profit** 9.33p +30.2% **Earnings per Share** 12.15p +17.5% 3.15p **Dividend per Share** 3.70p

"We have a strong balance sheet, a good cash flow and experienced competitive management. Our thrust is towards further expansion abroad."

Cement - Roadstone Holdings PLC

### Mrs Fields advances to \$17m

BY ALICE RAWSTHORN

pany which staged a disastrous yesterday announced a surge in pre-tax profits to \$17.13m (£10.85m) in 1986 from \$6.76m

In the previous year On 1.75m (£10.85m) in 1986 from \$6.76m The company also expanded in the previous year. On a pro- its product range. Muffins were forma basis profits rose to tested in 1986 and will be intro-\$18.81m, compared with a pro-duced throughout the group in

The flotation was one of the most spectacular flops of 1986, begin later this year.

In recent months the company has benefited from a re-rating, the corporate gifts market and however, and this set of results

to \$87.1m (£55.18m) last year.
The company opened 81 new stores, chiefly in the US, It now has \$56 units in the US and 20 overseas, divided between ciation to \$4.73m (\$3.5m), while stores, chiefly in the US, it now has 356 units in the US and 20 overseas, divided between Australia, Canada, Hong Kong, Japan and the UK, Mrs Fields 3405,000 (\$577,000). From trading income of \$19.47m

Rosehaugh makes open

offer to shareholders

ma forecast in the prospectus early summer. Candy and ice 18.5m. cream are also being tested and

has become involved in its first joint venture, with Dairy Farm helped boost the shares further joint venture, with Dairy Farm by 1p to 1881p yesterday.

Revenues rose from \$72.56m clude a series of similar joint

chairman, \$1m (\$347,000).

Earnings per share were 11 cents, or 12 cents on a pro-forma profits. The board plans to pay a final dividend of 2.25

According to Mr Fields the company has experienced excel-lent trading so far in the present year and he is very confident about the outcome for

comment

growth record, accusations of over pricing suspicion at the rising tax charge and old fashioned xenophobia sufficed to turn its flotation into one of the prefer to wait for evidence of most spectacularly unsuccessful further growth before indulging most spectacularly unsuccessful further growth before indulging issues of the year. This set of the shares in another rerating.

Mrs Fields, US cookie com- new store openings in the (\$10.94m), interest deducted results, gleaned in an inclement any which staged a disastrous present year, according to Mr \$2.33m (\$4.09m) and taxation climate after the adverse publication of the control of t licity following the flotation; should dispel most of the lingering doubts. Meanwhile Rouald Reagan's tax reform has defused the threat of a rising tax charge. On fundamentals the prospects look excellent. Mrs Fields should sustain its present growth rate in the US for two or three years at least. Every overseas division operated at a profit for the first time in the final quarter last year, and should produce USstyle return from 1989 onwards When Mrs Fields first surfaced. The recent rush of new stores in London last year a combin-openings and new products in London last year a combin-openings and new products ation of incredulity at the have yet to filter through to

# profits. Yet on projected profits of \$27m the prospective p/e of 20 is beginning to look expensive and the stock market may

### Erskine House in US expansion

The open offer to share-holders in Rosehaugh, the prop-Ersking House, photocopier pay three times the pre-tax the year to April 1990.

and security group, is buying profits, expected to be about In the year to April 1986, direx, a Texas-based company £2.7m, plus £2.8m for assets. In Mirex recorded pre-tax profits elling and servicing copiers subsequent years the group will of \$1.3m on a turnover of 510m. erty group, will pennit applica-tions up to a maximum of 28 new shares for every 100 curand security group, is buying Mirez, a Texas-based company selling and servicing copiers for a maximum \$18m really field.
The open offer follows Rose-haugh's £90m recommended bid—a disguised rights issue—for General Funds Investment Trust earlier this month. The (£10.13m).

(£10.13m).

It is Erskine's second US acquisition following the purchase in September of Zeno Group, the US's largest Sharp photocopier dealer. The deal will be financed with cash offer allows General Funds shareholders to take Rosehaugh except for \$1m in new Erskine shares isstiff to Mr Dennis Berman, president and sole shareholder of Mirez, at 201.6p of formula asset value. Those shares issued to meet the cash alternative will be available to Rosehaugh's existing shareholders through the open offer, at a price of 675p each.

Yestorday Rosehaugh shares the perfect for share and the perfect of the perfect of

The exact cost will depend on the performance of Mirex up to 1990. This year Erskine will

pay a multiple of the increase in pre-tax profits. The multiple will decline to one by 1990. If profits fall, Mr Berman will have to make a repayment.

The maximum consideration a pre-tax profit of \$5.7m in 1990.

The formula gives a prospec-tive exit multiple of four times the pre-tax profit for the year to April 1987. If the full \$16m is paid, the multiple falls to 2.8 times the estimated profit for

of \$1.5m on a turnover of \$10m. The purchase complements the activities of Zeno and reflects Erskine's policy of ex-

tending its copier business in

the US through acquisitions. "It is an extension of our customer base and one which will help us by the interchang of ideas, increasing the profit-ability of both Zeno and any other American acquisitions we wish to make," said Mr Brian McGillivray, chairman

Shares in Erskine closed up 12p at 213p.

### Nash Industries £5m rights

Nash Industries signalled its intention yesterday to strike out on the acquisition trail. The packaging, engineering and construction group is to raise

Yesterday, Rosehaugh shares were trading at 720p.

Mends, finance director, Barpak yest has depots in Grantham, had Coventry and Newcastle. Its fits customers include the Ministry

Mr J. F. Nash, chairman, said yesterday that the current year had started well, with the bene-fits of rationalisation continuing to enhance per-

The proceeds will be used to elminate net borrowings, which had already fallen to £2.6m last month from £3.2m in September, and to seize opportunities for expansion and diversification, the company said.

Nash was looking especially to expand the regional reach of Barpak, its packaging sub-

Star Computer

Star Computer Group is to buy Orchard Management Ser-vices for £500,000 in a deal that will bring together two leading suppliers of computer systems

Star specialises in multi-user UNIX systems, while Orchard designs and licenses specialist MS-DOS software. The group should be well placed to take advantage of the expected convergence of the two operating standards. Star taid standards, Star said.

The purchase will be funded through the issue of 360,000 shares, worth £453,600 at Friday's closing price of 126p, plus sufficient additional shares to raise the total to £500,000.

### Tesco is expecting profits of £166m

By Nilds Talt

TESCO, the supermarket chain which last week lameched a £184m bid for Yorkshire-based Hillards, in forecasting pre-tax profits of £166m for the 53 weeks to end-February 1267.

The forecast comes in the iornal offer document for Hillards, released yesterday. It compares with most analysis estimates of £180m, and with £122.9m achieved in the previous 52-week period.

Figures for both years are struck before any property profits; these added another \$8.3m in 1985/86, and are expected to chip in 59m to the 1986/7 figure. The 1986/7 profits, however, allow for the deduction of \$2.6m to fund the company's new employee prefit charing scheme, but benefit to the tune of 22m from the dis-posal of the Victor Value stores and the Tesce Ireland

Yesterday, Mr Iam Belaurin, chahrman of Tesco, said that the net margin during the year had improved by around 1 per cent to 4.6 per cent due to increasing efficiency—notably on the distribution front where some 70 per cent of produce is now delivered centrally.

Nevertheless, Hillards shares rose a further 4p to 325p on thoughts that Tesco may have to offer more to secure its target. Tesco shares which have risen some 20p since the offer was announced -last 3p to 495p.

Yesterday, County Bank— which is advising Tesco— announced the purchase of a further 150,000 Hillards' shares, taking the total holding to 5.1 per cent.

Brierley purchase

IEP Securities, part of the Brierley group of companies, has taken a 9.2 per cent stake has taken a 3.2 per cent state in Union Discount, one of the four remaining independent discount houses. A large part of the 1.15m shares involved were purchased at \$8.50 each from an institution in the middle of last week with Mr. Bale. Balentage conwhile Mr Ron Brierley was en a visit to the UK.

# All-sector improvement lifts MAI 47% to £24m

advertising group, increased interim pre-tax profits by 47 per cent to £24.1m (£16.4m), show-Turnover advanced by a LCAH was losing money at a similar 46 per cent to £140.8m £3m annual rate. (£96.5m) in the six months to December 31.

Garban, US Government securities interdealer broker. and Ginteleo and Guy Butler Europe, corporate bond brokers, ichieved record results to lift securities and money broking profits to £15.4m (£10.7m). Personal financial services achieved the biggest increase, to £2.5m (£735,000), reflecting the £2.5m contribution from

Wagon Finance, the instalment credit company bought in February last year.

Media made profits of £3.74m (£3.16m) and market research £932,000 (£732,000).

With £2 per cent of mades With 62 per cent of profits arising from outside the UK exchange rate fluctuations had

a "broadly neutral" effect, with the pound's weakness against the yen and continental European currencies helping to offset a rise against the

MAI, the financial services and poster and promotions group advertising group, increased taken over in January, would begin to contribute profits from the beginning of the new finan-

MAI expects the £35m acquisition cost of London and Continental Holdings, which made Mills & Allen Britain's largest outdoor poster con-tractor, to be reduced to a net £20m once reorganisation and sales of certain sites are com-

Media interests, apart from posters, have been combined into Pearl & Dean Enterprises. This adds the stadium hoardings, showcases and specialist publications acquired as part of the combined of the combined as part of the combined as part of the combined LCAH to the existing cinema advertising business.

After net interest receipts of £438,000 (£1.03m) and a tax charge of £9.05m (£5.88m), after tax profits rose to £15.08m (£10.51m). Minorities increased to £220,000 (£85,000), and £2.47m (£1.92m) of goodwill was written down. written down.

to offset a rise against the An extraordinary credit of 58.7 m (nil) reflected the net proceeds of the sale of Euro Adevertising, the loss-making Brokers and HUS Deposits.

Earnings per share rose nearly 20 per cent to 25.7p (21.5p) with an interim dividend 50 per cent higher at 6p (4p).

MAI has shaken off its paperpromiscuous reputation (not really deserved in light of how smartly it brings through the earnings) just as its money the earnings) just as its money-broking performance began to creep out of Exco's shadow. The numbers may be smaller, the City now realises, but the management skills and financial controls can hold their own in the competitive US market. Exchange rate turbulence, moreover, should create more oppor-tunities than dangers. The LCAH deal, meanwhile, may turn out to be less notable for poster supremacy than for the broad range of specialised advertising and promotional media that MAI has now assembled. The second half is assembled. The second han is unlikely to repeat last year's surge, but £50m pre-tax is well within reach. With the US nudging up the tax charge, earnings per share should still break through 50p, suggesting p/e of 10 on yesterday's share price

### Hawtal Whiting up at £4.3m

utomotive design consultant, sittomotive design consultant, reported pre-tax profits ahead by 23 per cent from £3.52m to £4.54m in 1988. Mr John Whitecross, chairman, said that most of the growth came from the design engineering sector helped by an increase in structural analysis work.

He added that the company's investment in computer-aided

investment in computer-aided design equipment, on which \$1.6m was spent during the period, was largely responsible for achieving the growth.

Turnover improved by 32 per cent to \$24.49m (£26.17m) and earnings per 5p share came tut at \$8.2p, an increase of 7.2p.

The directors are proposible to The directors are proposing to increase the single payment by

Hr Whitecross described the year as one of consolidation during which the Essax-based company moved from the USM to the main market, bought a prototype vehicle and parts facility, Tennant (Panels) and opened offices in Swindon and

He added that while General Motors remained the largest customer, Hawtal was making significant attempts to broaden its enstomer base.

The tax charge was £1.67m (£1.51m) and with minorities taking £32,000 this time attributshie profit came out at £2.64m, against £2.01m last time. The (\$453,000).

comment

A company that depends for 95 per cent of its turnover on one per cent of its turnover on one customer and for 90 per cent on one division cannot be blamed for seeking to diversity its client base. Not that General Motors, Hawtal's prime customer, has treated the design group badly—it responded to an adverse shift in the exchange rate by allowing

the exchange rate by allowing a 9.5 per cent price increase. The problem for Hawisi is that GM tends to take the Mon's

cent rather difficult to ach This year, Hawtal should benefit from the first profits from Canada and from the reduction in major items of expenditure like the £1.6m ment on CAD equipment and the £319,000 spent on retraining staff to use it. Profits should edge up to around 25.2m which puts the shares, at 565p, on a prospective p/e of 11 which seems about sight considering the dependence on Gal.

GERAT Southern Group has acquired two funeral directors, Gerald Burden of Amesbury and Crews and Sons of Ex-mouth, for a total of £368,000. They are a prelude to several more planned acquisitions, of which the majority is con-centrated in the south-west.

20 mm

Atten & Co.

REPLIES Remoi directors have noted the recent rise in the share of any extra capacity it company's share price and have creates and that might make its said that they know no reason target of reducing the GM pro- to account for such movement. company's share price and have said that they know no reason

# **PEARSON** Results in Brief

1986 £952.6m £970.1m Turnover (excluding banking and investment income) £132.1m £124.6m Profit before interest Profit before taxation £121.1m £109.3m Profit after taxation and minority interests **£73.5m** £57.6m Earnings per ordinary share 37.4p 30.0p Dividends per ordinary share 10.0p 12.0p

Dividend

The directors recommend a final ordinary dividend of 7.0p net per share, payable on 29 May 1987 to shareholders on the register at the close of business on 1 May 1987.

Report and Accounts The 1986 report and accounts of Pearson plc will be posted to shareholders on 8 April 1987.



**Annual General Meeting** The annual general meeting will be held at Millbank Tower, Millbank, London SWI on 1 May

1987 at 12 noon.

· PEARSON

Information and Fine China Oil Services Banking Entertainment

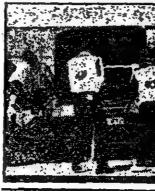
Pearson plc, Millbank Tower, Millbank, London SW1P 4QZ The figures for the year ended 31 December 1986 have been extracted from unancitted financial statements which have not yet been delivered to the Registrar of Companies.

# CITIUS, ALTIUS, FORTIUS

The Olympic slogan Taster, Higher, Stronger' is as applicable to developments in technology as it is to the world of athletics. Not least in the automobile industry, where high performance goes hand in hand with meed and strength.

1986, when Saab set 21 international and 2 world records on their Long Run' at Talladega, USA. Three standard cars, taken at random from the Saab 9000 Turbo 16 line, were . driven 100,000 km for 20 days and nights at sustained high speed on the Alabama International Motor Speedway circuit. For the total 23,556 laps their speeds averaged out at about 210 km/h, which included stops for driver and tyre changes, refuelling and servicing. Such achievement requires precision and endurance - of people and products.

SKF has had a challenging and fruitful relationship with the automotive industry for almost 80 years. It remains our major custom-



This claim was amply dem-onstrated in the autumn of demand for finer perfor-the conventional constru

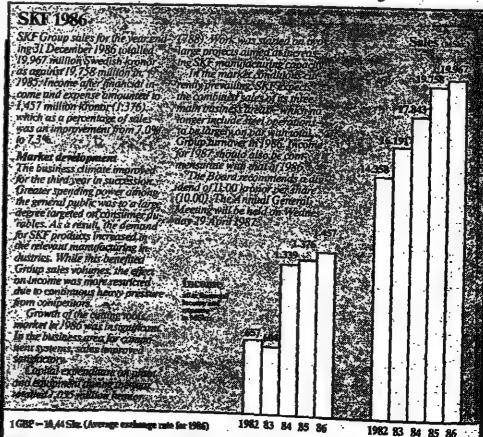
Together with the industry SKF developed new wheel hubs that integrate all the functions of the hub and wheel bearing as a single unit. This Hub Unit has

the conventional constructions it replaces. The unit is simpler to mount, weighs less and lasts longer. The new Hub Units are

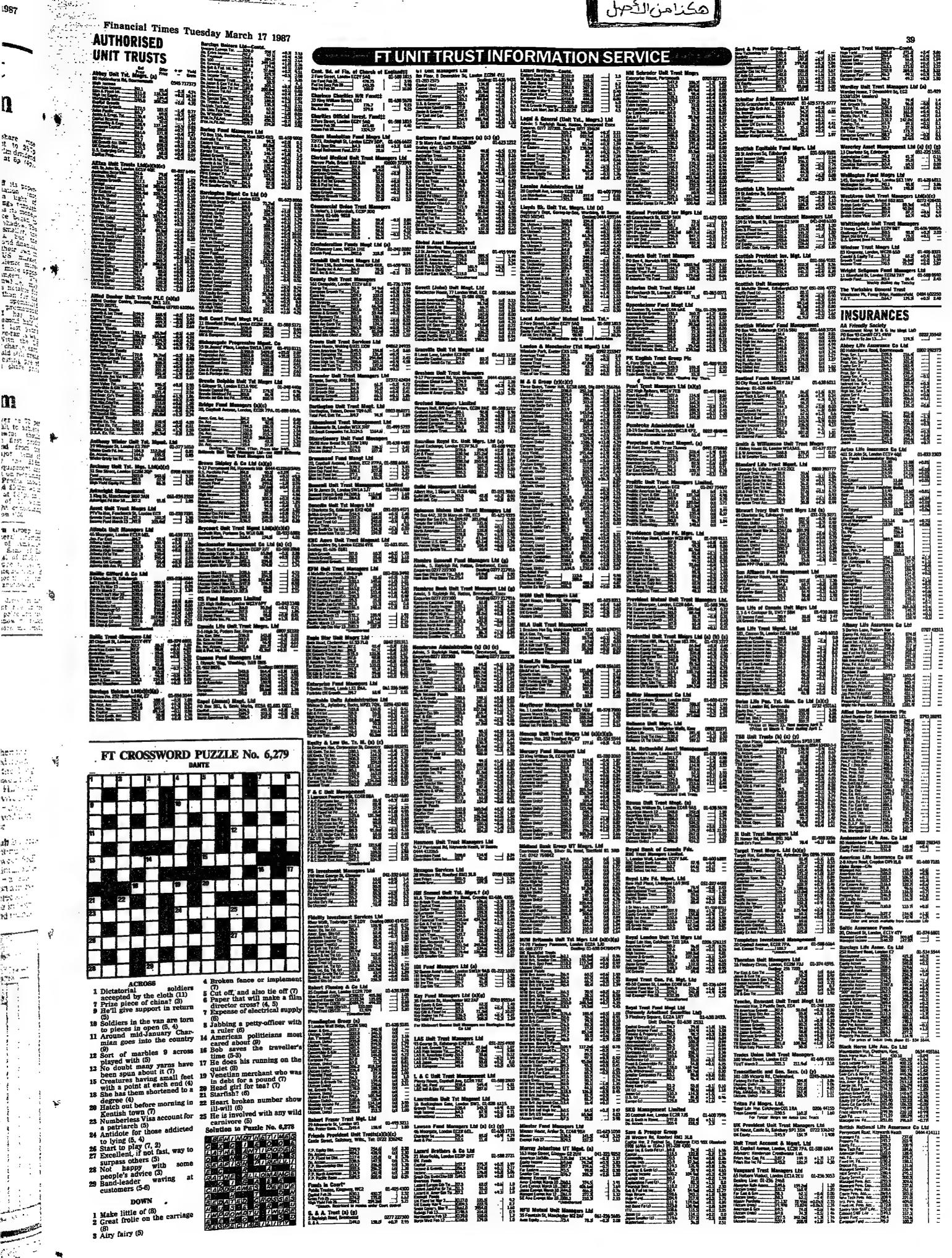
ies, along with a further seven SKF bearings in the

transmission. When the cars were stripped down for analysis after the 'Long Run', results showed that not only had the Hub Units and bearings survived the stress and strain - they were in perfect condition for continued use.

This kind of result is directly due to the continuing relationship between SKF and the international automotive industry - a relationship based on achiev ing maximum precision used for the Saab 9000 ser- and performance in both development and manufacturing.



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Financial Times Tuesday March 17 1987

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# Japanese mills set the pace on iron ore prices

tions with its iron-ore suppliers, securing price cuts of 5 per cent on deliveries for 1987-88.

This year's negotiations mark a fundamental break with the past, with the Japanese steel mills setting the pace in establishing the benchmark price for the year from April, forcing the European mills to catch them

Last year European mills managed to trim iron-ore prices by 1.1 per cent, yet in Japan, price cuts of 4 per cent were

Traditionally, Japan's iron-ore purchase price has followed Europe, although both the Euro-pean and the Japanese mills have readily exchanged informabout the status of price

In recent years the Japanese mills have aggressively used tonnage inducements to achieve settlements with smaller sup-pliers, such as India, which is keen to boost its share of the Japanese market, and then tried to roll these price cuts through to its major suppliers in Brazil

The Japanese settlement indicates that prices in Europe could be cut by around 8 per cent in the forthcoming nego-

BY LUCY KELLAWAY

OIL PRODUCTION in the US is set to decline sharply over

the next few years, forcing the US to become increasingly de-pendent on the Middle East,

and posing a threat to world

This is the conclusion of a study produced by Copeland, Wickersham, Wiley, an international oil consultant. It argues that production is likely to fall

by nearly one quarter over the next three years, from 8.54m barrels in 1986 to 6.7m in 1990.

Oil reserves are also forecast to fall markedly, to reach about 18.5hn barrels by 1990, a drop of nearly 35 per cent.

Colombia sets

coffee policy

By Our Commodities Staff

COLOMBIA, the largest coffee

producer after Brazil, has lowered the minimum export

price for its coffee, and adopted

a more flexible policy that will

allow private exporters to par-ticipate more actively in the

The National Coffee Growers'

Federation has set no limit on

the export registrations for April and May. But Mr Gilberto

Arango, president of the Private Exporters' Association, said this did not mean Colombia intended

to "go over the top," but would sell its coffee "without haste, but consistently."

The move follows the collapse

of the International Coffee

flexible

THE JAPANESE steel industry following the settlement of had provision for a further has almost completed negotia-price negotiations between 2 per cent price cut if Mount has almost complete or complete Cartier Mining and Newman managed to boost its Quebec Cartier Mining and Hoogovens, the Dutch steel group, for an average price cut of 3A per cent, albeit for only small tonnage.

The settlements in the Japanese market this year were influenced by fears of the formation of an Iron ore producers' cartel. of an iron are producers carted.

The five largest iron ore producers are CVRD of Brazil;

LKAB of Sweden; Mount Newman, controlled by BHP; Hamersley, a subsidiary of CRA;

and MBR of Brazil. They sought discussions with their main customers in both Japan and Europe over the medium-term outlook for iron ore, in the light of strong fears of price cuts of as much as 10 per cent.

Japan's steel mills over-reacted to this joint approach, fearing that it marked the beginning of a producers' cartel. Nippon Steel Corporation, the world's largest privately owned steel producer, made quiet overtures to Mount Newman, in an attempt to achieve a quick settlement. Mount Newman, settlement. Mount Newman, keen to boost its share of the Japanese market responded with alacrity, and towards the end of February, announced that it had reached agreement for a 3 per cent price cut for deliveries during 1987-88.

In Europe the market has It subsequently transpired been thrown into some disarray, however, that this agreement

the assumption that oil prices rise slowly in real terms to

coupled with an increase in domestic energy demand, caus-

year, oil imports are forecast to rise 50 per cent to over 9m barrels a day by 1990. This would imply that more than half of total US oil supplies were being

met by imports in 1990, and about two thirds by 1995. The report argues that be-

Last week prices moved to

fresh record highs for the

analysis are suggesting the firm-

The trend is underscoring

wool's position as Australia's

largest rural export earner and reinforcing the country's premier position in the indus-

try. Australia currently produces 40 per cent of world output of clothing-type wools and has 70 per cent of the trade

ness will continue this week.

US oil output set to decline

LME may rethink clearing system By Stefan Wagstyl

deliveries to 14 per cent of the

market. The Japanese steel

mills have based all negotia-tions on forecasted steel pro-

duction of 91m tonnes in the

1987 financial year, indicating iron ore requirements of 98m

With the Mount Newman

settlement Robe River, a smaller Australian mine con

Robe River boosting its market share to 10 per cent, indicating

its deliveries will be increased to around the 10m tonne level.

Hamersley, however, which has slipped from the biggest to the third biggest supplier, is expected to post total deliveries to Japan of over 13m tonnes in 1986-87, and is forced with a large tonnase

faced with a large tonnage reduction. This could see its

shipments drop below the 10m

In other negotiations in the Japanese market, settlement is believed to have been reached with Chile, and talks are advanced with Iscor of South

Africa, with a sizeable price cut anticipated.

Communist production is also expected to fall over the period, the US will have to

Opec output last week was only 14m barrels a day, 1.8m less than the official quota,

according to the Middle East

Economic Survey.

The low figure was due in part to pipeline closures, and to low output from Saudi Arabia, which is reported to have produced 2.9m barrels a day in the first week of March, and 3.1m b/d during the

weakened 662 Australian cents per kg

523 cents in December 1985.

the demand is expected to re-main buoyant. The main

interest is said to come from Japan, China, Eastern and

Japan, China, Eastern and Western Europe.
On top of last week's offerings of 47,350 bales, the Wool Corporation's stocks were reduced by 50,000 bales to 629,708, well under forecasts

for the end of season of 800,000 tales.
The key factor behind the

overall trend is the influence

tonne level.

The forecasts are based on cause other non-Opec and non-

reach \$23 a barrel by the begin-ning of next decade. The fall meet its needs increasingly in production is expected to be from Opec exports.

**Australian wool growers** 

enjoy currency boost

eleventh week in a row, and main buoyant,

ing a steep rise in energy less than the of imports, the report says. From according to the about 6m barrels a day last Economic Survey.

THE LONDON Metal Exchange could change key elements of the reformed trading rules it is planning to introduce on May 29 soon after the new system is up and running

There is no question of decision to replace its centuryold principal-to-principal marsmaller Australian mine con-trolled by Peko-Wallsend, moved quickly to secure its contracts, agreeing a 6.4 per cent price cut, higher than the maximum cut for Mount Newman, although based on a small quality penalty. The Japanese mills also agreed to Robe River boosting its market ket with a system in which a clearing house acts as an intermediary in trades,

But LME members agreed at a meeting on Friday to ask their Board and committee to reconsider as a matter of urgency the kind of clearing house the exchange is to have. This decision followed an appeal from Amalgamated Metal Trad-ing, a leading trader owned by the West German metals group Preussag, for the debate to be

The LME is installing system in which price differ-ences on contracts would be cleared for cash only when con tracts mature. In a closely-argued paper, AMT has proposed a full cash clearing sys-tem where traders would be obliged to put up money daily to cover against adverse price

AMT believes that while it is now too late to make changes before May 29, a full clearing system will in time be inevit-able. Mr Peter Pemberton, an AMT director, said "at the moment it is not going to be possible to make changes, but I think people will come round to this view." Other traders say it is difficult to estimate support for AMT's position.

Almost every other com-modity market in the world ises a fully cleared system. But members have been opposed to it partly to keep change to a minimum and partly to keep costs down. They believe that the need to cover positions daily with cash would make the market prohibitively

However, AMT says full cash clearing would be cheaper than the planned hybrid. The com-pany concedes that under full pany concedes that under full cash clearing traders would have to pay interest on money borrowed to pay margin.

But it argues that the alterna tive is worse—under the hybrid system, members would have to ecure bank guarantees to cover the maximum level of exposure. me maximum leves of exposite.

Bank fees would be charged on
the full guarantee not on the
(fluctuating) level of exposure.

Moreover, says AMT, the full
amount of the guarantee would
be deducted from other credit currency is proving to be a (clean). That was nine cents boon both to local wool prohigher than a week earlier and ducers and to foreign buyers as compared with a price of 561 offerings in domestic markets cents back in October and be deducted from other credit lines, Finelly, the cost of gueran-23 cents in December 1985.

Sales resume again today and of England tightened the rules on bank contingent liabilities, as

> LONDON METAL EXCHANGE WAREHOUSE STOCKS (Changes during week anding last Friday)

	(mine)		
Aluminium	+6,425 to 96,925		
Copper	-75 to 135,850		
Lead	-1,775 to 25,700		
Nickel	-78 to 4,710		
Tin	-1,065 to 31,660		
Zinc	+425 to 27,825		
	(onnes)		

+20,000 to 21,732,000

# of the International Coffee Organisation talks on quotes artier this month. Analysis in London said Colombia had high stocks of coffee, but suffered from a port congestion problem. Analysis in London said coffee, but suffered from a port congestion problem. Analysis in London said coffee, but suffered from a port congestion problem. Analysis in London said coffee, which is based on a trade weighted basket weighted average of the main of currencies (1970=100) types of wool produced in declined from 31 in January Australia, finished the week at 1985 to below 50 last July. The Ministry puts a price on advice

FOR THE first time in its history Britain's Agricultural Development and Advisory Service (ADAS) is going comnercial. From March 30 a farmer wanting advice by telaphone will have to pay £50 year for the service, plus VAT of course. If he wants a farm visit he can either pay a total of £150 plus VAT, which will entitle him to the phone service as well as a one-hour farm visit, or he can have one-off visits at £28 a time plus VAT. There will also be charges for some animal health schemes which have been free up until now. There will, however, be advice on conservation, including the prevention of pollution, farm business diversi-fication and animal welfare. The service will still be responsible for the statutory regulation of notifiable disease such as foot-and-mouth and

Britain is the first country in the world, as far as I know, to bring in the principle of a farmer paying for governmental advice.

Government funded advice is a fairly recent development in this country. There had been some provision of controls on mports of livestock during the 19th century for disease reasons and a certain amount of private exchange of ideas between farmers here and on the continent. The various Show Societies were founded then, with the aim of fostering the science and practice of county services in co-operation

FARMER'S VIEWPOINT By John Cherrington

1939 these services were effect people, or even their competitively unified and charged with tors but tell the world and his maximising food production. They were given executive powers to control cropping and carried on in this way until the food emergency was over.

To my mind ADAS never really got over this start. Far-

mers saw it as a continuation of a body which could and did make a non-conforming farmer lose his farm. At the same time farmers were bombarded by a plethora of advice from com-mercial interests which was also free and very persuasive. Many farmers never even knew the names of their local ADAS officers. They were providers of the many grants which came but otherwise much

I used to think this was a pity. There is scope for an impartial advisory service to judge between the many competing products which are touted around agricultural Britain. Until very recently ADAS did not stand out in this regard, But farmers are not bad communicators themselves. At markets and farming. Universities formed meetings they are great talkers tition ADAS suggests that up agricultural departments, which They like to expound on their to four small farmers should until the last war provided successes and will often talk join together to subscribe to about their failures as well. Un one of its services and share out crease the output from their

wife about it. They were given executive
The new ADAS charges are for ADAS are going to make its powers to control cropping and livestock production within the livestock production within the production within the september of £124m, income the production of £124m, inc from fees is expected to be no more than £6m. But no doubt more of the statutory duties will become chargeable in due course. It is significant that during the setting up of the new service some 9 per cent of existing staffs were made redundant.

> ADAS will face some pretty fierce competition, however, The big chemical companies run some very competent advisory some very competent advisory services, which are duplicated by other suppliers. There are also private consultants, including a very good service run by the Milk Marketing Board. It is possible, in fact, to get all the advice one should need free from commercial interests. This does have the drawback of possible bias, however. My rule is to get all the technical advice I can free, and then put out a tender for what I need to all

the competing firms. To meet this sort of compeof the Ministry of like what I know of business the results. But why limit it to men, they do not hide their four members only? From what With the outbreak of war in successful processes from other I know of farmers any new pro-

cess which they judge to be of value would be spread around amost as soon as the advice has been given. Indeed one of the problems facing me as a farmer today, is not a lack of information, but a surplus of it which comes with almost every post on glossy free sheets and mail

There must be a lot of profit in the farm supply industry for it to be able to support this mass of advertising.

I believe the new guide lines

Everyone respects the work it does on animal health, but the dees on animal health, but the departure of charging for dairy hygiene inspection is being much objected to. To what other fields of animal health might it be directed?

Then the whole position of the field officers must be anomalized that their animal terms of the contraction.

lons in that their paymaster, the Government, has a policy of reducing production. While they are charging farmers for advice aimed at increasing production, the ADAS officers will be disseminating free advice. designed to reduce output overall. There is any amount of scope for conflicts of interest here.

But there is nothing new in this. Many years ago in the Middle West of the US I visited the county Agent's office, the equivalent of ADAS. It was charged with allocating the soil bank acreages and advising farmers which land to set aside and which to crop. In the next office down the corridor there was a very enthusiastic young man who was teaching farmers how they could so inremaining acres that they would still be able to maintain their

LONDON **MARKETS** 

COCOA PRICES staged a

COCOA PRICES staged a cantions, and extremely modest, rally on the London futures market yesterday in response to reports of a "positive" start to talks in London on rules for the operation of the International Cocoa Organisation's price supporting buffer stock. Dealers also noted that the market was cheered by criticalion of the presence at firmation of the presence at the talks of the delegation from the Ivory Coast, the world's higgest ecca producer. There had been reports last week that the Ivorian's arrival might be delayed, or that they might not attend at all, which would have scappered prospects for a meaningful agreement. With light manufacturer buying on the physical market also helping sentiment, the May futures position ended the day \$7 up at \$1,302.50 a towne. On the London Metal Exchange news of a seventh successive weekly fall in warehouse firmation of the presence at

weekly fall in warehouse stocks helped to push lead prices higher. LME prices supplied by Amalgamated Metal Trading. ALUMINIUM

Inofficial + or loss (p.m.) -£ per tonne Official closing (sm): Cash 849-9 862-3), three months 511-2 (819-20), ettlement 949 (863). Final Kerb close: 10.11 Turnovas: 8.250 honnes.

COPPER

915-7 -10,5909 903-2,5 -5,25,909/909 Official closing (sm): Cash 919-20 (928-5-8), these months 904-5 (908-9), settlement \$20 (928). Final Kerb closes 902-5-3. -9.5 864/867 -4.5

Official closing (sm): Cash 866-8 (868-9), three mooths 878-80 (865-7), entlyment 888 (869), US Producer prices 65.50-70 cents a pound. Tetal Turnover: 33,278 tonnes.

+4.5 518 +4.75 504/800 Official closing (em): Cash 311.5-2 (311-11.5), three months 303-3.5 (301-1.5), suttlement 312 (311.5). Final Kerb close: 302-3. Turnover: 5,525 tonnes. US Spot: 24-27 sents a pound.

meh 9419-5 —21.5 9490/2410 months 9419-5 —10 9420/2410 Official closing (am): Cath 2,416-6 (2,436-40), three months 2,411-2 (2,416-20), settlement 2,416 (2,440). Final Kerb closes 2,411-2. Turnover: 1,446

KUALA LUMPUR TIN MARKET-Close:

	close (p.	m) + or m) - er toans	High/Lo
Cash	459-51	-5.5	489/484
5 months	455-6	-6	
Official	siceing	(em):	489.5-80
(484-5), ti	free mor	1the 454-4	.5 (480.1
1), auttien	ent 460.1	5 (465).	Final Ker
close: 454	5. Turn	Idver: 5,4	5 tonne

Gold rose \$1 on ourse from Pridey's close in the London bullion market yeaterday to finish at \$405-406. The meet opened at \$404-405, and touched a low of \$405-405, before finishing at the day's high. Trading was generally thin and lacklustes with gold remaining within he recent trading range despite some determined selling in New York on Fridey. GOLD BULLION (fine ounce) Mar. 16

Close ....... 34061g-406 (£2561g-257 Opening ... 34043g-40514 (£2561g-2561g) Winig 17K... 3404.85 (£256,165) Affirin the \$408.80 (£256,768)

BOLD AND PLATIFICAL COINS Am Eagle. \$418.492 Maplelest \$415.419 Krg'r'nd. \$406-411 12 Krug... \$2111.431214 14 Krug... \$2107-108 Angel.... \$4133-4134 1/10 Angel \$40-45 New 80v... \$9712-881 Old 80v... \$9712-881 8 30 Eagle \$496-644 Noble Plat \$555-843

SILVER

Silve was fixed 6.35p an odnes lower for spot delivery in the London bullion market yesterday at 352.35p. US cent squivalents of the fixing levels were: Spot 556c, down 10c; three-month 565.15c, down 9.6c; six-month 473.9c, down 10.05c; and 12-month 673.9c, down 10.05c. The metal openied at 350 (5577—5597c) and closed at 3527—3547-25 (557-559c). per Fried Price | LME | + or LME | + or p.m.

Spot 352,35p - 1,15352,5p 5 months 361,05p - 1,45361,5p 6 months 369,30p - 1,86 - 12 months 885,25p - 1,86 - 1 LME—Turnover: 8 (nil) lots of 10,000 Three months finel kerb 360,5-2.6;. SOYABEAN MEAL

SOYABEAN MEAL.

Early April Ninian sold at \$18.00 and Ekofiek at \$18.05. Tireds in forward Brent was minimal. April WTI opened do up on Nymex and traded 17c up at 1.30 pm EST. In the patroleum products merket prompt rephtse sose on good demend for tight supplies. Gae oil remained fixm in quiet discussion. Gasoline and fuel oil ware elso firm in quiet tanding—Petroleum Argus, trondon.

Y'sterd'ys + or Business done +0.58 +0.88 114.0 +0.26 +0.26 110.5

US MARKETS

Mar. 18 Mar. 1216'th ago Year ago 1541.8 1537.6 1618.9 1825.7 Dow | Mar. Mar. Mrth Year Jones 13 18 ago ago Spot 113.91 113.70 - 1130.27 Fut 1112.85 113.68, - 1154.40 (Base: December 31 1931 = 100)

MAIN PRICE CHANGES

INDICES

REUTERS

DOW JONES

176/150c -1 167/157c \$125.50 -1 \$120.00 \$519.50 -15.25(5512.00 \$519.50 -15.25(5512.00 \$205:215 -15.25(55.00) \$50.355 +5.25(56.50) \$61.05p -5.40(365.80) free Mitt 24280/329 + 20 £4479/

Beries Fut. Way 5114.55 +0.78£117.50 Maire Wheat Fut. Way 2118.25 +0.25£118.20 No. 2 Hard Wint: 2 +0.25£118.20

‡ Unquoted, † Per 75-ib fiask, c Centa pound. \* Cotton outlook. v April. March-April. × April-May, y May.

Rebuttee asset to test contract sea, reports Decel Burnham Lambert, he market, however, failed to find ood follow through, soccusping late hort-covering. A general task of hysical interest while designs swalled and or development with a con-

COCOA

1876-1277 +7.6 H78-128 1808-1208 +7.0 H86-1897 1830-1231 +7.0 H86-1897 1835-1834 +7.0 H86-188 1280-1381 +5.0 H88-1678 1405-1405 +7.0 H86-1401 1498-1494 +7.0 H88-1401 Selec: 1,474 (5,311) lots of 10

POTATOES With Holland creding R 1.8 ap on Friday's close, the London meries found superiors buying imposes on the opening. However, as immediate self-off made the market nervous and values slipped in thin volume before support was found shows £170.00, basis April. The April/May apreed nervowed £2.00 se heavy selling of the May position was seen tota in the day, reports Coley and Herper.

Yesterday's Previous Business Month close close done

Sales: 763 (624) Jots of 40 tonnes.

**SUGAR** 

LORDON DAILY PRICE—Raw auger \$189.0 (£126.00), unchanged (unchanged) a tonne for April/May delivery. White auger \$213.50, up 50c. With no inset news prices drifted, but good buying interest was uncovered on the dip which arrasted the decline.

Selec: 2,395 (1,256) lots of 50 tonner.

Tate and Lyle delivery price for granu-ated basis sugar was \$231.50 (same). a zone for axiont.
International Sugar Agreement—(US
cents per pound tob and atowed Carlobean ports). Prices for March 13: Delty
price 7.31 (7.85): 15-day average 7.81
(7.76).
PARIS—(FFr per toone): May 12881200, Aug 1319-1323, Oct 1343-1380,
Dec 1370-1385, Merch 1385-1410, May
1435-1480.

RUBBER

PHYSICALS — The London Market opened slightly assedler, met some resistance at the higher levels and closed quiet and slightly easier, reports Lewis and Peet. Closing prices (buyers): Spot 61.750 (61.250): April 62.750 (62.25p); May 62.50p (62.00p). Kinels Lumpur fob prices (Meleyslen cents a kilo): RSS No 1 227.0 (226.5) and SMR 20 194.0 (193.0). FUTURES—Index 801, April 880-670, April/June 885-676, July/Sept 889-679. Sales: Nil.

stock prices at representative markets. GB—Cattle S5.11p per kg lw (+0.51). GB—Sheep 202.14p per kg eet dow (+16.83). GB—Pigs 82.37p per kg lw (+2.11). FUTURES-Pige: April 98.90, June

MOST MARKETS traded in-

differently during one of the quietest days this year, reports Dresel Burnham Lambert, Lack of significant news from the major economic fronts was cited as the main reason why the markets were held to narrow markets were held to narrow ranges for much of the day. Early trade buying in gold futures was insufficient to push the market towards the main resistance at \$412.00, basis April, and the market fell back to trade narrowly. Action was dominated by the

Action was deminated by the locals. Copper futures fell on commission house selling which touched off light stops, but good support emerged to steady prices from the lows. In both silver and platinum neither overhead resistance nor underlying support were seriously tested. In energy futures lack of decisive movement in each prices saw the ment in cash prices saw the markets trade in narrow ranges. In crude oil light trade and local buying was

NEW YORK

COFFEE "C" 37,500 lb, cents/lb COPPER 25,000 lb, cents/lb

GOLD 100 tray oz, 8/tray oz Free 409.8 407.1 409.2 413.5 417.5 421.6 421.6

March 405.5 403.8 497.8 406 April 406.8 405.0 497.8 406 May 406.7 407.1 411.8 410 Angust 415.2 413.5 416.2 414 Oct 419.2 417.5 419.5 419 Den 423.3 427.6 494.6 422 Feb 427.4 428.7 428.5 488 HEATUNG OIL 42,000 US gallons, cents/US gallons Anges Sept Occ Dec SPOT FRICES—Chicago tocas lerd 16.00 (seems) cents per pound, Handy and Herman silver buillon 807.5 (806.0)

FREIGHT FUTURES

The market closed higher beed on a very buoyent physical market. Reports of Guil/Japan fixing at \$14.90 and North Pecific/Japan at \$9.76 at multiple lated purchases of freeh long positions by speculative and trade elements, reports Clarkson Wolff. Close High/Low Prev.

Dry Cargo 940/980 Turnover: 520 (386).

in duli trading old crops saw a re-versal of weaker delivered harkets, attadying on lack of offers, particularly barley, which found trings shipper sup-port in both March and May. New crops also firmed after the previous trading day's profit taking, finding shipper and consumer support, reports T. G. Roddick.

GRAINS.

WHEAT

BARLEY

packages in the offshore section, reports the Tea Brokers' Association. The market continued selective. Coloury Assem CTCs met good competitive, and often sevenced, but mediums were and often sevenced, but mediums were irregular and generally seaser. While plainer sorts ware spain where Benglation teas were sweath pence lower where sold. Belective brighter East Africans were steely with quality; stadiums, together with most Central Africans, together with most Central Africans, were 2-4p down. There was a good demand for Ceydons with better quality earts often dearer and plainer types firm. Offshore teas were quites well supported with brighter toes often dearer, others about among, (good-tions; quality 170p a kg nominal (1759); medium 127p a kg (130p); low, seedium 150p a kg (150p.)

ORUDE OIL-1908 (# per pariet)-- april-

HEAVY FUEL OIL

Mar ... 117.56 (+0.55 115.26 (+0.16 May ... 118.26 (+0.25 114.25 )+0.78 July ... 120.25 (+0.25 124.25 )+0.78 July ... 120.25 (+0.25 124.25 )+0.85 Nov... 101.26 (+0.25 101.20 +0.05 Jan. ... 104.50 (+0.25 105.95 )+0.85 Mar... 106.80 (+0.25 105.95 )+0.85 close + or 92,00 -0.50 98.00 00.00

GAS OIL FUTURES

lots of 100 tonness.

LONDON GRAINS—Wheat US Dark Northern Spring No 1, 15 per cent: April/Mary 88.50, June 85.75. US No 2 Soft Red Winter: July 88.50. Freech 17—12 per cent: Merch 142.55. English feed, 10th Aerch 17.50-118.00. April 119.00-120.00 buyer/selters. Mey 120.50 buyer, April/June 120.25-120.50 buyer/sellers. Oct/Dec 105.00-105.50. Juny/Merch 108.50-110.00 buyer/sellers. Melzer US No 3 Yellow/French, trenshipment Eest Coast: second-baff Merch 142.50 Barley: English feed, 10th Mar 113.50 buyer Petscheed, 114.00 buyer Scatton, April/June 177.50 seller Scottleb, 118.50 seller English. U9 #

COTTON

estiar Enguen.

HGCA — Locational ex-farm epot prices. Feed barray: E. Miclands 118.40.

The UK monetary coefficient for the week beginning Monday March 23 (based on HGCA calculations using four days' exchange rates) is expected to change to 1,248. LIVERPOOL Soot and shipment sales for the week commencing March 9 amounted to 404 tennes, ageinst 1,255 tennes in the previous week. Feir operations involved dealings in Chieses.

Turnover: 2,048 (2,807) lots of 800

0

d in the

L328.60

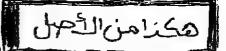
Vol. Last

300

150

4.90

11.50



**EUROPEAN OPTIONS EXCHANGE** 

### FOREIGN EXCHANGES

# Budget nerves depress pound

that the possibility of intervention by central banks to stop the dollar appreciating or depreciating to any significant extent effectively ruled out any speculative activity.

EMS EUROPEAN CURRENCY UNIT RATES

STERLING LOST ground in currency markets yesterday as speculators unwound positions ahead of today's UK budget. This D-MARK—Trading range against the dollar in 1988-87 is 2.4710 to 1.7870. February average although only when the downward trend is started in overseas centres.

Sentiment surrounding the dolwas expected to be bullish for the was expected to be bullish for the pound but foreign investors had already made profits in the speculative run up to what is seen as a possible give away budget and there was no incentive to carry positions over today's announcement. Most of the options open to the Chancellor of the Exchequer had already been discounted and so there was little point in carrying exposed posi-There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8426 down from DM 1.8550. Trading volume was thin and there was little interest in the dollar because traders were wary of central bank intervention. Dealers stressed that the possibility of intervention by central banks to stop the dollar point in carrying exposed posi-

point in carrying exposed positions.

The pound closed at \$1.5840 up from \$1.5750 although this was mostly due to the dollar's weaker trend. The dollar's decline saw the pound fall to DM 2.9100 from DM 2.9175 and SFr 2.4350 compared with SFr 2.4475. It was unchanged against the yen at Y240.25 but fell in terms of the French franc to FFr 9.6900 from FFr 9.7150.

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On Bank of England figures, the pound's exchange rate index fell to 71.4 from 71.6 at the opening

and Friday's close.

The dollar lost ground in very featureless trading. There was still a reluctance to test central bank resolve either on the downside or upside without further indications on the performance of the US economy.

indications on the performance of the US eronomy.

The dollar closed at DM 18373 from DM 18530 and Y151.60 com-pared with Y152.60. Elsewhere it closed at SFr 1.5375 from SFr 1.5536 and FFr 6.1175 from FFr 1.5536 and FFr 6.1175 from FFr 6.1675. On Bank of England figures, the dollar's exchanged rate index fell from 104.1 to 103.4.

M	NEW	YORK	

Mar 36	Close	Previous .
1 month	1.5860-1.5870 0.52-0.49 pm 1.38-1.33 pm 4.45-4.35 pm	1.5755-1.5765 0.57-0.56 pm 1.35-1.32 pm 4.43-4.36 pm
Forward pres U.S. dollar,	skems and discou	nts apply to the
'element ou		,

714

1474.3 170.82 7.8305 145.40 7.2467 1.7378 152.008

2.00 pm 3.00 pm 4.00 pm	713 714 714 714	12
CURRENCY R	ATES	
Max. 16 Paule	Special Drawing Hights	Enropean Correscy Unit
U.S. Dollar 5.5 Canadian \$7.54	0.80154 1.2653	0.713040 1.12589 1.48513
Atistrian Sch. 4 Belgtan Frene 8 Danish Kroon 7	16.3909 48.2971 8.77525	14.5780 42.9809 7.80636
Deutsche Mark 3.0 Nech Gerider 44g	243375	2.3/3/7

CURRENCY.	HOVEME	ME
March 36	Stank of England Index	Georges %
Burring U.S. Dollar Gesedien Deltar Austrian Schilling Belgian Franc Besich Franc Desiche Hanit Swiss Franc Guider French Pranc Lira	71.4 108.4 79.3 198.1 100.1 98.3 147.2 171.4 134.4 71.8 48.2 211.9	-522 -49 -43 +103 -42 +38 +217 +217 +141 -127 -164 +57.8

OTHER CURRENCIES					
Mar. 16		5			
Argentist	24215-24325 23160-23190	1.5350-1.5410 1.4675-1.4685			
Finished	31_9810-32_1540 7_1295-7_1405 211_35-215.05	20.2720-20.373 4.5185-4.520 193.90-136.20			
Seece	12 3000-12 3100 115.40*	7.8005-7.8025 72.50*			
Rorea (5th) . Kunnit	1339.20-1351.35 0.43720-0.43780 60.20-60.30	850.10-857.10 0.27720-0.2774 38.00-38.10			
Majaysia N. Zestand	3.9700-3.9800 2.7905-2.7980	2.5210-2.5230 1.7700-1.7730			
Singapore	5.9155-5.9210 3.3700-3.3790	3.7500-3.7510 21400-2.1420 2.0900-2.0940			
S. Al. (Cm) S. Al. (Fm)	3.2875-3.3095 5.4900-5.6875	3.4785-3.603			

MONEY MARKETS

### Rates finish lower on budget hopes

INTEREST RATES were lower in London yesterday as the market reacted to growing expectations of another cut in base rates after today's UK budget. Three-month interbank money fell to 913-913 and the Bank gave further assistance in the moraling of £30m through sale and repurchase agreements at 10½ per cent unwinding in equal amounts on April 1.2 and 3.

In the afternoon the forecast was revised to a shortage of around £1,050m with factors affecting the market to a shortage of around £1,100m and the authorities provided additional assistance of £45lm. This was made up of outright purchases of £2m of local authority bills and £236m of eligible bank bills in band 1 at 10½ per cent and in band £15m of eligible bank bills in band 1 at 10½ per cent and in band £15m of eligible bank bills at 10½ per cent. It also arranged sale and repurchase agreement on £108m of bills at 10½ per cent, again for repurchase in equal amounts on April 1, 2 and 3.

Late assistance came to £550m, making a total of £1,121m.

late assistance together with a and 3. take up of Treasury bills draining take up of Treasury bills draining Late assistance came to £550m, £1,070m and Exchequer transactions a further £335m. In addition banks brought forward balances £5m below target. These were partly offset by a fall in the note circulation of £335m.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £90m and comprised sale and repurchase agreements on bills at 10% percent, maturing in equal amounts on April 1, 2 and 3.

1.5735-1.5835 1.5835-1.5845 2.0820-2.0830 3.254-3.294 60.20-60.30 10.945-10.955 1.0975-1.0905 2.907<sub>2</sub>-2.913<sub>2</sub> 223.70-224.60 20736-20830 3271-3274 59.97-60.38 10.931-10.981 10870-10940 2891-2.915 223.22-224.59 203.28-204.65

1.5835-1.5845 (0.53-0.47 c pm 2.0820-2.0830 0.41-0.50 c pm 3.284-3.294 13-13 c pm 18-13 1-31-1-25 pm 1-31-1-35 pm 3y-34; pm 3y-32 pm 3-32 pm 3-32 pm 35-322 pm 35-322 pm 307-257 pm 3y-34; pm 3y-34; pm 3y-34; pm 3y-34; pm 3y-34; pm 326 275 426 -127 -3.00 -3.00 -4.00 angedgiləriye 2057-20682 2057-20682 10.995-11.005 9.682-9.692 10.175-10.182 2994-2404 21.36-21.41 2.43-2.44 2058-2072\q 10.94\q-11.09\q 9.65-9.70\q 10.14\q-10.18\q 298\q-240\q 80.38-20.49

42,9809 7,80636 2,07468 6,90508 2,34377 0,776744 1474,35

POUND SPOT—FORWARD AGAINST THE POUND

trom clastral rate +1.25 -0.58 +0.78 +0.02 +1.05 +1.06 -0.62

+0.90 -0.91 +0.45 -0.31 +0.72 +0.75

OLLAR	SPOT-FO	DRWARD /	AGAINST T	HE D	MLAR
Her. 13	Day's	Close	One month	% pa	Three

				_ PA	110000	
U101	15735-15035	1.5835-1.5845	0.52-0.49c pm	3.83	1.31-1.25pm	3.24
ireland)	14455-14555	1.4510-1.4520		8.20	2,52-2.38 pm	6.76
Capada	1.3141-1.5190	1,3155-1,3165		-0.64	0.18-0.25 es	-0.62
Metherlands .	2.0725-2.0850	20758-20765	0.20-0.17c pm	1.07	9.56-0.51em	1.08
Belgium	38.00-58.23	38.00-38.10	2-4c du	-0.94	7-10 🖦	-0.09
Denmark	6.89%-6.95%	691-6912	2.40-3.10pm dis	-476	7,20-7.90 da	436
W. Cormer .	1,8305-1,5480	1.8370-1.8380	0.43-0.40pl per	2.70	116-111 20	2.46
Pertural	1414-1424	105-104	80-130c de	-8.87	270-340 曲	-8.59
Smale	128.74-129.62	128.75-128.85	90-100c dis	-8.81	245-265 ds	-7.39
taly	1304-1312	1305-13054	35-45re du	-3.44	10-12 ds	-3.36
Norvell comm	4.955-6.951	690, 690	4,90-5.40are de	-8.89	13.40-13.90ds	-7.25
Frank	6.20 6.241	4175-632	0.72-0.82; 45	-1.51	225-2.50 @s	-1.55
Sureden	6.426.44%	6.423-6.43	2.95-3.25ere 66	-5.78	7.10-7.50 65	-4.54
Annual Consumb	151.30-152.40	151.55-151.65	0.29-0.25y pm	2.17	0.85-0.80 pm	2.17
Austria	12.95 12.99	12,931, 12,944	2.80-2.30grg pm	2.36	6.50-5.50 pm	126
Suffre land	1.5345-1.5470	1_1370-1.5380	0.34-0.29c pm	249	0.91-0.86 pm	2.29

EURO-CUI	RENCY	NTERES	T RATES	Ì
Nov. 16	Short term	7 Dept'	Çen Montik	

Mar. 13	£	8	DM	Y
EXC!U				
		-		

	Mar. 13	8	8	DM	YEN	F Fr.	S Fr.	H FL	Lieu	6.5	B Fr.		
	£	1.031	1.584	2.910 1.838	240.3 153.6	9.690 6.118	2435 1.538	3.298 2.056	2068. 1306.	2.063 1.315	80.25 30.05		
	DIR	0.344	0.544 6.575	1211	82.56 1000.	3.390 40.39	0.837 10.14	1.13G 13.65	710.7 8608.	0.716 8.668	20,70 250,8		
	F Fr.	1.092	1.635	3.003 1.193	247.9 98.67	10 3.979	2.523 1	3.393 1.350	2134. 849.3	2_149 0.855	62.38 24.74		
	H FL	0.304	0.482	0.885	73.08 116.2	2.948 4.686	0.741	1.996	629.0 1000.	0.633	18.35 29.13		
1	C.S	0.480	0.761	1.397	115.4 398.8	4455	1169	1.579 5.456	993.8 3432	1 3.456	25.98 100.		
	8 Fr.   1.640   2629   4.830   795.8   16.00   4.041   5450   5452   5450   100. Yes per 1,000: French Fr per 10: Lira per 1,000: Belghan Fr per 100.												

### FT LONDON INTERBANK FEXING

Six Months

(11.00 a.e. Mar.	363 3 months U.S. dollars	6 months U.S. dollars					
bid 6 ½	affer 6/2	16 6 Tg	giller 6 1 <sub>2</sub>				
-Parad rates for \$10r		an Legelandes paulity 😭 🕇	TON THE SELE MOLETING OF				

Section   Sect	NEW YORK (Lanchtime)	Te	e within		56 Feary		6.7
Mar. 16   Dremight   March   Months	Broker tops rate	73 <sub>2</sub> -74 Sc	(100mb)		.01 10 years	yes	7.0
Parts	Mar. 36	Overnight.				Str. Mentes	London d Intervention
Debito	Peris	712-84 4-14 5-2-54 3-84375 114-114	71-8 41-44 53-55 4.15625 107-113	748	77g-8 4-47g 53g-53g 3.96875 107g-113g	711-61	74
16-10°2   167-10°2   10°-10°3   9°-9°3   9°-9°2   9°3-		121_14	14.161	135-136	135-134	123-124	1 -
Transkry Bulls (Buy) —	LONDON MON	EY RATI	7 days		Thrac	25:	Oue

naking a total of £1,121m.
In Frankfurt the Bundesbank added liquidity to the money market as call money rose to 4 per cent. Extra funds were placed through Government funds and as a rough coult manage eased back to Treasury Bills (sell); one-month 9½ per cent; three-months 9½ per cent; Back Bills (sell); one touth 9½ per cent; three months 9½ per cent; Treasury Bills; Average Lender rate of sizeon 9,2935 A.E. ECGD Fixed Fishers Scheme IV reference date January 31 to Fébruary 27 (september 10,896 per cent. Local Authority and Fishers Nouses seven days fronties, others severe days from Fishers Back 11 per cent from March 1, 1987; Bank Deposit Rates for sents at sent days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and we hadd onder one month 8½ per cent; three six months 9 per cent; three six months 9 per cent; three six months 9 per cent from allarch of Deposits held maker Series 5 10%, per cent. Deposits whitehrows for cash 5 per cent

### FINANCIAL FUTURES

### Prices mostly steady

**CURRENCIES, MONEY & CAPITAL MARKETS** 

Sentiment surrounding the dol-lar remained weak, but there were no new factors, apart from growing concern about the impact of Brazil's suspension of interest payments on exposed US banks. The large US trade deficit pre-vents any advance by the dollar, while the market fears downward pressure will bring central bank intervention, following the Paris corresty agreement.

Cince 19ph L.
122-17 122-18 122
122-25 123-40 122
122-19 122-26
122-26 123-40 123
122-26 123-40 123
123-27 123-20 123-301
140/s open int, 20,020 02

Close High 302-09 — Valuese 0 (0)

Close High Low Pres. 199.20 200.50 199.20 199.90 202.60 204.40 202.60 203.20

**CURRENCY FUTURES** QUILD-4 (FOREIGN EXCHANGE) Spot 1-mil. 3-mil. 6-mil. 12-mil. 5840 1:5790 1:5712 1:5899 1:5A1

OM-STERLING Sk per S

1.5652 1.5647

GILT PRICES and three-month sterling deposit futures showed little overall change in the London International Financial Futures Exchange yesterday ahead of today's budget. Prices were already discounting another cut in UK clearing bank base rates and dealers were content to square positions and wait for the Chancellor of the Exchequer to speak.

The lunc of the Exchequer to serve content to square positions and wait for the position of position and wait for the position of positions as people took profits.

The lunc of the Exchequer to speak to the point which tended to offset the pound's decline but there was something of a false feel about the market since the budget had been discounted to such an extent that the absence of any real surprises would probably result in an unwinding of positions as people took profits.

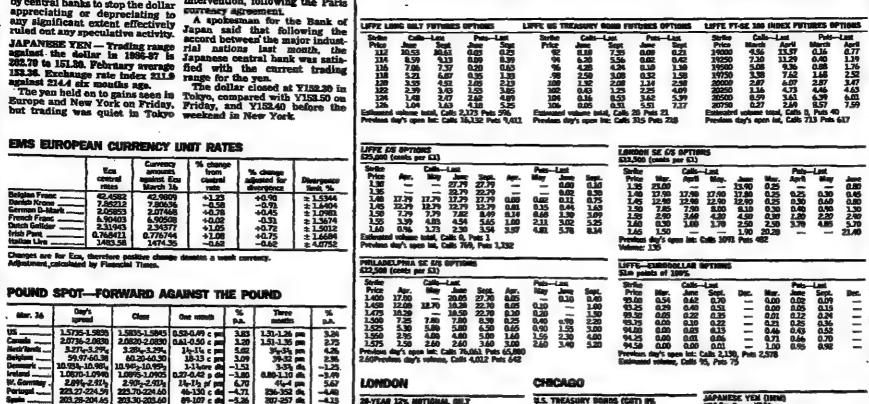
US instruments traded quietly. Three-month Euro-dollar deposits

chancellor of the Exchequer to speak.

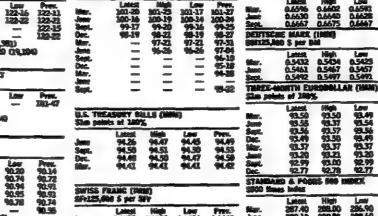
The June gilt price opened at 122-31 up from 122-21 on Friday and rose to a best level of 123-00 ruse to a high of 90.81 before closering at 90.75. Trading volume was predictably rather low in comparison with the record level seen lately.

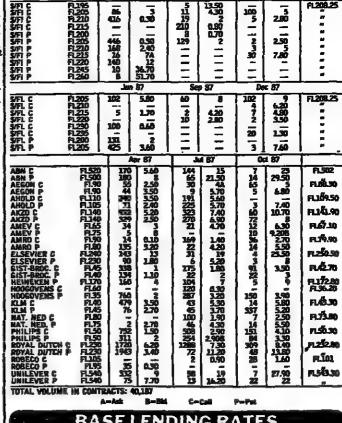
Cash rates declined a finishment of the particular of the particular of the particular of the particular of the Exchequer to a high of 90.81 before closering at 90.75. Trading volume was predictably rather low in comparison with the record level seen lately.

Three-month Euro-dollar density opened at 93.58 for June delivery down from 93.60 and traded in a three tick range before closing at the day's low of 93.55.



# 1.mem High 0.6546 0.6602 0.6630 0.6640 0.6667 0.6675





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OBECO P INILEVER C	FL540	25	9	58	19	7	27.90	FL5 (3.30					
MILEVER P	FL546	75	7.70	13	14.20	22	22						
DTAL VOLUME													
	<u>_</u>	Act	B=BM	C-I	ا الأرث	P-Pst							
BASE LENDING RATES													
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# EWORLD VALUE OF THE POUND

tion englishin; (F) free rate; (P) based on U.S. dollar parities and polog storing-dollar rates; (T) bounds rate; (Res.) basis re VALUE DF

COUNTRY	CURRENCY	E STERLING	COUNTRY	CURRENCY	A STERLING	COUNTRY	CURRENCY	E STERLING
Algheristan	Alaband	99.20	Chart	Codi	244.90	Penerish	Belbox	1.5840
Albania	Afghani Lak	9,9943	Gibraiter	Cedi Sibrattar E	1.0	Papus New Colons	Cien	1.4766
Algeria	Place	7.31	Greece	Department	273.20	Parageny	Gargeria	378.72
	French Franc	9.69	Greenland	Denish Krong	10.95	La shark water	Application of the latest designation of the	11104.60
Andorra	Sounish Petets	203.45	Grenada	E. Carthbean S	4.26			(exc(a)22.99
A	Kinggara . Coppe	46.387	Garactaloupe	Local Franc	9.69	Peni	inti	(F) 31.95
Aurimet	E. Caribbona S	4.26	Guars	U.S. \$	1.5840			(Fa) 28.74
Arcestica	Austral	2.4270	Gunterrale	Qualitati	(1.5840)	Philippines	Philippine Peso	31.90
Aruba	Florin	2.8512			(F) 4.3400	Physica Islands	& Sterling	
Australia	Australian S	2.3175	Guines	Frank	536.62		New Zeeland \$	2.7943
Austria	Schilling	20,395	Guinea Bistan	Peso	269.07	Poland	Ziety	381.99
A20798	Portuguese Escudo	224.15	Guyana	Superiore S	15.78	Portugal	Electo U.S. S	224.15 1.5840
A-1	Data and B		Halti	Sounds	7.92			
Balantiti	Bahasan S Dissar	2.5840 0.5750	Hondarus	Levelin	3.16	Cutter	Quart Ryal	5.7430
Bairpin		203.45	Hope Koss	H.K. S	12.3150	Revalor Isla da la	French Franc	9.69
Baiesric islands	Spanish Pepsin Taka	48.00	Hungary	Forint	762474	Remarks	Lau	(cm) 6.33
Bangladesh	Reduits S	3.1859	lociant	Instandic Krons	61,984			(IN/C) 15.58
		((cm) 60.25	ledia	Indiae Robee	20.50	Records	Repair Frent	127.97
Beigina	Seigion Franc	(th) 60.75	Indonesia	Resoluti	2507.868	St. Christopher	E. Caribbena S	4.26
Relies	BS	3.1680	Jran	Ried	115.40	St. Helena	St. Helena 🖺	1.0
Renin	C.F.A. Frame	484.50	teau	Iraqi Disar	0.4898	St. Lucia	E. Caribbeau S	4.26
Bernste	Remodes S	1.5840	Irish Republic	Part.	1.0900	St. Plerre	Local Franc	9.69
Blutes	Hguitrutt	20.50	1 craft	Shekai	2.56	St. Vincent	E. Caribboon S	4.26 ED4D
Boliste	Boliviano	(a)3.0461 (1A)	(taly	Line	2068.0	Samon American	U.S. S Italian Live	1.5840 2068.0
Bouward	Pola	271	Ivery Coast	C.F.A. Frant	484.50	Sin Toné & Private	Dotors	2068.0 <b>36.66</b>
Brezil	Cruzado	32.0673 1.5840	سيبيسي وواحسول	Jameican Beller	9.00	Saud Arabia	Saudi Rossi	5.9183
British Viegle Islands	U.S. \$	3.3745	Japas	Yen	240.25	Senegal	G.F.A. Franc	484.50
Bratiel	Oranti S	3.3743 1.3259	Jordan	انتمال معتمون بهار	0.5960	Seychelles	S. Rupet	8.98
Beigaria	C.F.A. Franc	484.50	Karrowhee	Riel	N/A	Sierra Leone	Leone	(n) 77.00
Burisho Faco	Rest.	10.2812		Kenya Shilling	25.20	Sloggoore	Singaport \$	3.3745
Description of the last of the	Record France	293.50	Kenya	Australias S	2.3175	Solomon Islands	Soloman 1s. S	2.9327
			Kores (North)	Won	1.4890	Somal! Republic	Somali Shilling	274. <del>2</del> 4
Compress	C.F.A. Franc	484.50	Korea (South)	Won	1345.28	South Africa	Rand	(Cm)3.2985
Castada	Campailles \$	2.0829	Kirmalt	Kyroraiti Dinner	0.4375			(Fn) 5.5888
Casery Islands	Spanisk Peseta	203.45		60	95.44	Spale	Pesein	203.45
Cape Verde Islands	Cape V. Excude	141.40 1.3226	1,805	New ICp Letanese &	166.95	Spanish ports in North Africa	Peseta	203.45
Caymun Islands	Cayman isles \$	1.3226	Lesotho	Maketi	3.2985	Sri Lanka	S.L. Roose	45.20
Cent. Air. Republic	C.F.A. Franc	484.50 484.50	Liberia	Liberian \$	1.5840	Sudan Republic	Sudan E	3.96
		327.69	Libya	Libyan Direct	0.4815	Surinam	S. Guilder	2.8274
Chile	Ciblean Pess Receirbí Yunn	5.9015	Liechtenstein	Swiss Franc	2.4350	Sunziland	Liknomi	3.2985
China	Col. Peso	360.57	Comment Products	Langerbourg Franci	60.25	Sweden	Swedish Krons	10.1800
Corrors islands	C.F.A. France	484.50			12,6865	Switzerland	Styles France	2,4350
Congo (Brazzaniie)	C.F.A. FRANC	484.50	Macan	Patern Portuguese Escusio	224.15	Syria	Syrian £	(p) 6.2172
Costa Rica	Colon	94.27	Madeira	M.G. Franc	1064.50	Talwas	New Talwan \$	54.55
Cobs	Cubon Pres	1.2568	Makini	Xeache	3.6260	Tanzania	Tan. Skilling	88.10
Cypres	Cyprist &	0.7730	Malaysia	Ringgit	3.9750	Thaifand	Befrit.	40.70
		(tcom) 8.20	Maldive Islands	Ruflyna	11.0880	Togo Republic	C.F.A. Franc	484.50
Contradentifé	Karana	CD 13.90	Mali Republic	C.F.A. France	484.50	Tonga Islands	Palanga Trinidad & Tob. %	2.3175 5.7024
5			Malta	Alakase £	0.5530	Tentisia	Tunisian Dinne	1.3048 (sa)
Denmark	Danish Kroner	10.9500	Martinique	Local Franti	9.69	Turkey	Turkish Lina	1233.09
Ditout Republic of	Dibouti Franc	275.D	Macritania	Quguiya	118.06	Turks & Calcus Islands	U.S. \$	1.5840
Dominica	E Carbbaan \$	4.26 4.8927 (7)	Matritist	Mauriting Ropes	20.225 ((F) 1718.44	Tuvalu	Australian 5	2.3175
Decision Republic	Dominican Pess		Mexico	Mexican Peso	(c) 1688.47	Uganda	Uganda Shilling	2300.0
1 march	-	f(n) 251.18	Micusian	Local Franc	9.69	Uplied States	U.S. S	1.5840
Econolist	Spirit	(IF) 228.65	Mootto	French France	9.69	Uruguay	Uruguay Peso	305.34
1	Emplish S	11.108R	Monophia	Tugrik	5.33.53	United Arab Emirates USSR	U.A.E. Dirham Rouble	5.796C 1.0253
- E		12.29	Montserrat	E. Carlthean S	4.26			
E Sahestor	Colon	7.59	Morocco	Dirham	13.15 (sg)	Variable	Valu	174.0
Experient Gariero	C.F.A. Frenc	481.50	Mozarabigat	Metical	(A) 318.81	Vations	Italian Line	2068.0
Ethiopia	Ethiopian Blev	3.27	N-42	CA Dark	3.2985	No		(4) 6.18
Falkland Islands	Falkland isles £	1.0	Named and the state of the stat	S.A. Rand Australian S	2,3175	Vanezuela	åginar	(5) 11.88
Faroe Islamb	Donish Kroner	10.9500	Nanro Islands	Nepalese Rapot	34.56	16-ton	D	(6) 36.26
Fill tstands	FI# S	1.7425	Nethertands	enige.	3.2875	Vietnam	Clong	(n) 126.26
Fieland	Marida	7.1350	Netherland Antilles	Antillas Subject	2.8512	Virgin Islands U.S	U.S. \$	1.5840
France	Franc	9.6900	New Zealand	N.Z. S	2.7943	Western Samon	Tala	(A) 3.4454
French C'ty in Africa	C.F.A. Frank	484.50	Nicarages	Cordoba.	3471.60	Yemen (North)	Ryal	(A) 16.17 (sg)
French Guiarra	Local Freet	9.69	Niger Republic	C.F.A. France	484.50	Yemen (South)	S. Yemen Dinar	0.5414
French Pacific Islands .	C.F.P. Franc	173.00	Nigeria	Naira	(a) 6-2418 (15)	Yygoslavia	New Y. Dinner	849.88
( cates	C.F.A. Franc	484.50	Norway	Norwegian Krane	11.0000			
Garrie	Balati	11.00	Oman Sultanate of	Rtai Omani	0.6070	Zaire Republic	Zaire	142.0931
Germany (East)	Ostmark	2.9100		•——	27.10	Zambia	Kwacha	14.37
Sermony (West)	Doubsche Mark	2.9100	Pakksas	Puldstan Rupee	21.10	Zimbatrare	Zimbabwe S	2.58
1								

Polis is the transfer number (controlled). 11 Now see official rate. (1) Estential goods. (2) Preferential rate for priority imports such as foodstuffs.

Detained Ensemble Imports. (5) Preferential rate. (6) First rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate sorts. (14) Wegerly all business transactions. (15) Nigerla, Auction price for dollar for March 12, 1987, 3.8999. (16) Bolivia, New Currency Immodulates: (15)



EXPORT CREDIT INSURANCE, 01739 43U.

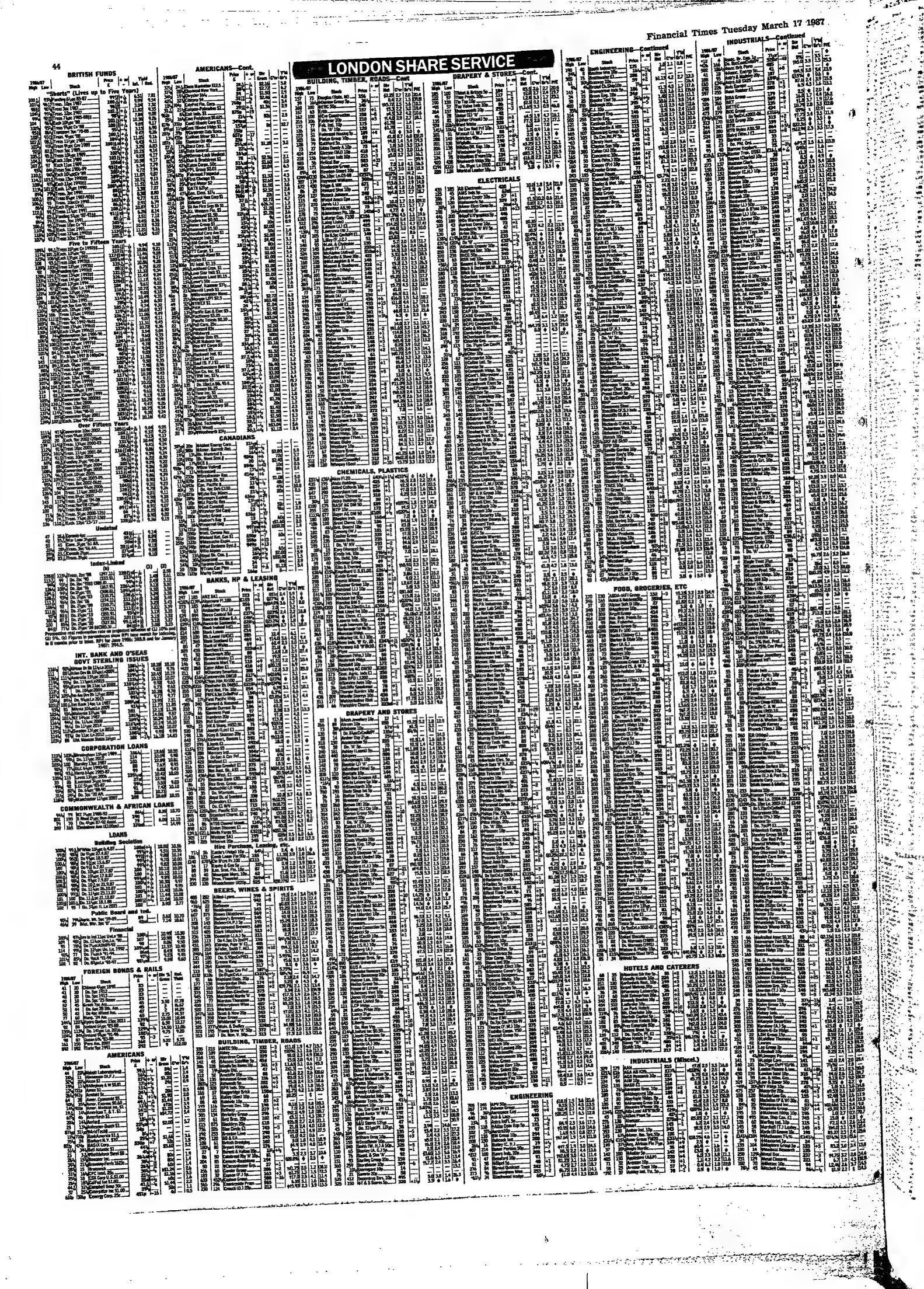


Figure 1. These Testing Warren 17 1997

The state of the Financial Times Tuesday March 17 1987 INVESTMENT TRUSTS-Cont. | 199 | Crescival Jayane Stop ... | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | 259 | | 1986 | March 

### Account Dealing Dates Option "First Declara: Last Account

### Government bonds firm but equities easier as markets ities had acquired a 92 per cent shareholding. Elsewhere, Mergan

Feb 23 Mar 5 Mar 6 Mar 18 Mar 23 Apr 2 Apr 1 Apr 13

Business began to die away towards the close of the London securities markets yesterday as City traders and foreign invest-ment houses squared their trading positions ahead of the Budget ech by the UK Chancellor, due at 3.30 pm today. The SEAQ trad-ing screens will remain active after the Budget Speech, but equity marketmakers will choose whether or not to keep trading. Gilt-edged dealers will also have the option of ceasing trading when the Chancellor begins to speak.

Share prices slipped lower on a general lack of interest yesterday, as buyers and sellers alike withdrew from the market. Gilt-edged, wever, remained firm.

The FT-SE 100 index closed 8.2 own at 1991.8, and the FT ordinary index shed 7.3 to 1576.6.
The securities markets have largely discounted Budget cuts in personal taxation, together with further falls in bank base rates, and therefore in mortgage rates. Some analysts suggest that gilts could be upset if the Chancellor could be upset if the Chancelor errs on the side of generosity, perhaps by cutting tax rates by 4p in the pound, rather than by 2p. The equity market was also pre-

with the aftermath of equity marketmaking. The share sectors abandoned by Midland's trading arm, Greenwell Montagu, were shared around the market

The cautious mood brought sharp falls in some of the consumer stocks which have risen sharply in anticipation of a tax-cutting Budget Industrials remained firm, although Glaxo proved unable to sustain a strong

Underlying firmness was disclosed by a ready response to a number of special features. Salotrader, bought out the 8.3m shares in Woolworth held by Dixons at 813p apiece, and swiftly sold them on at 818p to a string of 45 to 50 Far Eastern and European institu-

We had institutions complaining at being left out," commented Mr Gordon Lawson of Salomon

Bros. Shares in Pearson fell back despite trading figures above mar-ket expectations, when the boardroom statement disappointed

Government bonds were about dovernment bonds were about by up but business was "very quiet" according to the desiers. Trading positions had been balanced without difficulty and the market settled down to await the Budget Speech in a comfort-ably optimistic mood.

Raving risen 98 last week on overseas stakebuilding specula-tion, Union Discount moved up 20 further to 898p on confirmation

**EQUITY GROUPS** 

& SUB-SECTIONS

Mechanical Engineering (61) . Metais and Metal Forming (7).

Electricals (12).

Food Retailing (16) Health and Ho

Stores (37)

Textiles (17)\_

Agencies (17) \_. Chemicals (21).

Packaging & Paper (14) .... Publishing & Printing (14)

Shipping and Transport (11) \_ Telephone Networks (2) \_\_\_\_ Miscellaneous (24)

FINANCIAL GROUP(117)

Insurance (Composite) (7) ... Insurance (Brokers) (9) .... Merchant Banks (11) ....

FT-SE 100 SHARE INDEX 4

124.98

150.90

139.09

119.22

121.12

120.81

142.87 +0.05

FIXED INTEREST

Day's change %

+0.08

+0.10

+0.44

+0.37

Property (47)... Other Financial (26)

PRICE

5-15 years ..

All stocks ....

5 years...

8 All stocies.

Index-Linked

Over 5 years...

Over 15 years ...

Mining Finance (2).

Grenfell railied a couple of pence to 375p ahead of tomorrow's preliminary figures and Kleinwort Benson reflected a BZW "buy" recommendation with an improvement of 2 at 592p. Speculative gains of 9 and 7

respectively were seen in Business Merigage Trust, 115p., and Chancery Securities, 208p.

Leading Breweries drifted lower with other blue chip issues, and Bass closed 8 down at 9420 while Guinness gave up 3 at 317p. Regionals also had an unin-

light profit-taking, but Costain came under further selling pres-sure on talk of a broker's adverse circular and dipped 16 to 560p. Blue Circle, a firm market last week, came back 5 to 743p, while Tarmac slipped 8 to 514p. George Wimpey, annual results expected silority, dipped 9½ to 237½p, but Barratt Developments continued to attract buyers ahead of Thursday's interim figures and firmed 4 more to 198p. Marley hardened 1 to 148p. Elsewhere, Helical Bar attracted fresh support and rose 33 to 583p in a restricted market, while McCarthy and Stone firmed 6

134, but Wardle Storeys attracted buyers and firmed 5 to 435p. Else-where in the Chemical sector, British Benzol touched 96p initially on take-over hopes, before reacting to 85p following the directors' statement that they knew of no reason to account for the recent share price rise; the

pre-Budget profit-taking with dealers suggesting that tax cuts had already been well discounted. had already been well discounted. Woolworth dropped 18 to 815p as Dixons sold 8.1m Woolworth shares to Salomon Bros at 813p per share, who then immediately placed them with institutional investors at 818p per share; Dixons retained the shares after its unsuccessful bid for Woolies last year and is now able to show a its unsuccessful bid for Woolies last year and is now able to show a near-£10m profit on the sale. Gussies "A" gave up is to £1314 and Next dipped 10 at 313p, while storehouse lost 6 at 305p. Barton closed 10 off at 306p; the group yesterday announced plans to expand activities in the financial services field Electrons pross services field. Elsewhere, press comment in the wake of the recent 4% to 16%p. Stam moved up 4 at 250p and J. W. Wassall gained 7 at 88p. Executes gave up 8 at 160p and Ratners lost 11 at 313p. Among Shoe. concerns. Gernsr Booth.

FT-ACTUARIES INDICES

These indices are the joint compliation of the Financial Times.

Monday March 16 1987

-0.1 -0.2 -0.7

+0.2 -0.1 -0.2 -0.2

855.09

1036.35 1463.65 2102.29

191242

479.52 448.41 324.84 1481.67

32484 -0.2 1481.67 -1179.66 -0.8 1088.05 -0.9 876.04 -0.5 2142.22 -0.8 2379.44 -0.3 1195.58 +0.2 599.42 +0.3 3662.87 -1 1004.32 -2.5 677.64 +1.0 968.34 -0.3

1410.65 — 1223.86 —0.5 1289.85 —1.7 1971.05 —0.7 961.53 —0.2 1318.56 +0.8

683.79 +0.3 726.45 +0.2 969.54 --542.79 -0.2 1177.94 +0.1

1177.94 366.90 910.97 451.03

Fri March 13

123,97

142.80

167.31

219.22

120.59

120.57

+0.20 | 150.60

+0.09 138.96

ni adj. teday

ज्रां क्यां 1987

to date

192

3.09

1.42

2.50

0.88

1050.10 -0.5 7.05 1757.10 -- 9.65

1109.60 -0.4 7.41

18.21

8.40

5.28 7.1A

972.24 — 2.42 — 384.50 +0.1 7.97 4.28 14.76 992.45 +0.9 9.09 4.97 13.33 994.35 — 3.43 —

677.64 968.34 1410.65

Div. Yield% (ACT at 29%)

3.31 4.25 5.26 4.00 4.38 4.50 3.26 3.24 3.40 2.42 4.28 4.97

7 Kigh 8 Coupons

11 inflat'n rate 5% 12 inflat'n rate 5%

14 leffat's rate 10%

7,54

24.69 17.91

 Index
 Day's
 Day's
 Day's
 March
 <th

spiring session apart from Fuller Smith, which moved 10 higher to 35p. Invergordon Diestin 385p. Invergorden Distillers attracted investors after the weekend disclosure of higher pro-fits and closed 8 dearer at 174p.
The majority of leading Buil-ding issues gave modest ground on

to 421p following press mention. Speculative counter Stanley Miller put on 7 to 70p while Federated Housing picked up 4 at 189p. ICI were a shade cheaper at

final quote was 90p, down 4 on the

await Budget Speech

Erskine House advanced 12 to 213p in response to the proposed acquisition of Mirex Corporation

of the US, while acquisition news

at 258p. Newspaper mention left Johnson Grony Cleaners 25 to the good at 610p and Cambell and Armstrang 13 higher at 133p, while Anglo Nerdic responded to

fell 10 to 565p after the annual results and Nash Industries eased

7 to 185p on the proposed £5½m rights issue. Chamberhin and Phipps, on the other hand, firmed 4 to 140p after the dividend and profits forecast contained in the

document rejecting Wardle Storeys' takeover offer. Rockware

edged up a penny to 71p on the profits recovery and return to the

rose 14 to 734p, with the 5 per cent Convertible Preference closing 10

up at 313p and the 5% per cent Convertible Preference I higher

at 116p as the necessary resolu-tion to approve the proposals

were passed yesterday at the eam.

LONDON TRADED OPTIONS

Tr. 115% 199

Apr. Jly. Oct. Apr. July Oct.

042 042 1342

330 65 73 85 1 3 6 360 37 52 63 5 12 17

150 103 80

64 3 53 7 39 18 26 40

6 28 68

1 4 15

15

4 10 21

4 12 24

- 557

4 8 17 23 47 55

70 52 37 12 34

15 15

75 53 33

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Mar June Oct Mar 190 145 115 90

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<del></del>	FINANCIAL TIMES STOCK INDICES											
	Mar.	Mar.	Na.	Mar.	Mar.	Year	198	<b>6/8</b> 7	Since Compilation			
	16	13	12	u.	10	390	Hìgh	Low	High	LOW		
Government Secs	90.07	89.87	89,89	90,12	89.55	88.53	94.51 (18/4/86)	30.39 (20/1/86)	127.4 (9/1/35)	49.38 (3/3/75)		
Fixed Interest	96.13	95.29	95.55	95.51	95,13	92,93	97.68 (7/7/86)	86.55 (23/1/86)	105.4 (28/11/47)	50.53 G/3/75)		
Ordinary \$	1,576.6	1,583.9	1,578.0	1,571.A	1,586.4	1,357.7	1,613.5	1,094.3 (14/1/86)	1,613.5	49,4 (26/6/40)		
Gold Mines	338.3	340.1	331.3	324.1	372.2	338.3	346.7 (5/3/87)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/1971)		
Ord, Div. Yield	3.70	3.69	3.71	3.72	3.69	3.99	S.E. ACTIV		TIVITY			
Earstogs Yld.%(full)	8.59	8.56	B.60	8.64	8.59	9.50	Indices		Mar. 13	Mar. 12		
P/E Ratio (set) (*)	14.28	14,32	14.25	14.19	14,27	13.07	Gilt Edged	Bargales		177.2		
SEAQ Bargains (5 pm)	49,571	48,407	46,032	49,829	46,3B3	-	Equity Bargains		27132	374.8 2908.4		
Equity Turnover (Em)	-	1,342.54	1,438,921	1,452.21	1,333.91	783.10	5-Day Ave	179e	]			
Equity Bargains		57,276	56,838		57,931	40,196	Gilt Etiged	Bargales gales	189.9	187,1		
Shares Traded (ml)			602.3	600.1	620.0	303.3	Equity Val	jë	2800.2	392.8 3000.5		
	10 a.m.		a,m.	Noon		l p.m.	2 p.m		p.m.	4 p.m.		
1583.0 1581.8 1578.2			1579.3	의 []	579.9	1580	<b>4</b> 1 12	577.6	1576.8			
Day's High 1583.1. Day's Low 1575.6  Basis 100 Gont. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/955, SE Activity 1974, *NE=13.75.												
LONDON REPORT AND LATEST SHARE INDEX; TEL 02-246 MOS												

which recently resisted a hostile £20m bid from rival Strong and Fisher, firmed 6 to 222p on press suggestions of a possible bid from Hillsdown Holdings.

Firm features in the Mecurical sector were to be found among secondary issues. Helmes Protection continued to warm to the prospect of a full share listing in the US and jumped 12 afresh to 170p. A Press report that Miles 32 had won the biggest ever order for computer composition systems from Pandick of the US induced closed 2 higher at 310p. Other Press-inspired gains of 7 and 14 respectively were seen in High-land Electronics, 97p, and Multi-tone, 85p, while Emess Lighting reflected its successful Tenby acquisition with a gain of 23½ to 3961/2p. Amstrad revived with a speculative rise of 13 at 183p and speculative rise of 13 at 183p and Benishaw were favoured at 232p, up 22. Process Systems, on the other hand, plummeted 16 to 22p in reaction to the beary interim deficit and profit-taking in the wake of their respective trading statements left Sunleigh 2 lower at 43p and BSR 844 down at 111p. Cable and Wireless lost 9 to 360p among the quietly dull leaders. Bacal cheapened 3 at 243p and 8TC cheapened the same amount at 240p.

ing Press comment on possible orders for the company's new AS90 self-propelled howitzer. Contract news left SFP 3 firmer at 156p, while Meggitt responded to the preliminary figures with a

Titur March 12

3.07	16.72	2.16	855.74	852.41	853.97	713.90	
3.15	16.61	0.72	1038.26	1035.76	1839.26	765.18	
3.18	20.04	2.68	1493.45	1466.42	1494.84	1119.31	
3.73	17.91	1.39	2101.15	2055.28	2055.71	1950.58	
3.49	15.19	10.84	1800.84	1921.28	1925.29	1710.28	
3.49	15.19	1.04	480.04	475.33	474.66	403.21	
3.42	15.03	0.00	449.35	450.18	450.49	329.09	
3.34	23.57	0.83	325.65	321.06	322.65	281.96	
3.37	19.83	325.65	321.06	322.65	281.96		
3.37	19.83	325.45	321.06	322.65	281.96		
3.37	19.83	325.45	321.06	1171.94	895.79		
3.19	16.82	3.55	1097.82	1107.28	1098.24	858.44	
3.32	17.18	2.21	880.80	574.79	867.74	652.11	
2.59	23.58	9.65	2159.53	2150.68	2127.48	858.44	
3.32	17.18	2.21	880.80	574.79	867.74	652.11	
2.59	23.58	9.65	2159.53	2150.68	2127.48	1859.30	
3.51	20.82	8.26	1193.09	1185.56	1177.73	724.25	
3.51	20.82	8.26	1193.09	1185.56	1177.73	724.25	
2.70	21.09	125	1132.08	1026.41	1177.77	825.87	
2.99	14.94	0.17	670.98	661.62	647.72	531.49	
3.49	15.23	3.78	971.61	964.41	961.26	835.54	
2.76	30.75	33.31	1401.22	1404.83	1378.78		
3.60	17.79	0.00	1984.62	1772.06	1955.65	1631.38	
4.02	17.79	0.00	1984.62	1772.06	1955.65	1631.38	
3.01	17.97	2.84	1055.42	1048.74	1044.38	843.28	
3.31	17.08	427	1114.34	1106.83	101.38	871.71	
3.26	3.27	3.27	3.27	3.27	3.27	3.27	3.27
3.28	3.31	17.08	427	1114.34	1106.83	101.38	871.71
3.20	3.31	17.05	157.91	1048.75	1055.65	1055.82	
3.31	17.08	427	1114.34	1106.83	101.38	871.71	
3.20	3.31	17.05	427	1114.34	1106.83	101.38	871.71
3.20	3.31	17.05	427	1114.34	1106.83	101.38	871.71

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0.00 | 969.67 | 968.11 | 964.89 | 902.15 |
2.62 | 544.11 | 545.27 | 541.69 | 486.99 |
13.35 | 1177.17 | 1109.55 | 1157.04 | 1262.76 |
0.02 | 366.84 | 368.95 | 368.99 | 354.27 |
0.96 | 896.77 | 897.53 | 885.32 | 734.47 |
1.86 | 448.54 | 445.56 | 443.25 | 339.59 |
4.06 | 972.56 | 970.97 | 970.27 | 732.98 |
1.89 | 384.20 | 377.45 | 376.96 | 284.63 |
10.04 | 873.96 | 891.89 | 882.36 | 676.97 |
4.42 | 997.23 | 991.89 | 987.25 | 791.40 |

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Fri March 13

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Wed March 11

Engineering, still reflecting recent newspaper comment Baker Perkins 7 off at 349p following the announcement that Pergamon Holdings and Hollis have accepted the APV offer for Baker Perkins in respect of their total

Foods had a relatively quiet day still a few noteworthy movements. Bowntree Mackintesh dipped 16 to 485p on reports of Continental selling while Cadbury Schweppes eased back in the absence of any bid developments to close a shade cheaper at 242p. United Biscuits closed a couple of pence off at 273p awaiting tomorrow's preliminary figures, Among Retailers, Tesco came back to 483p early on before rallying smartly to 488p on the profits forecast contained in the offer document for Hill-ards; the close was 4 cheaper on balance at 485p. Dec Corporation drifted off to close 5 cheaper at 230p, but bid hopes boosted Nor-mans 2 to 67 and M6 Cash and Carry 2 to 113p. Bighes Food set-tled lower at 105p following With the exception of Glaze, up

a shade further abead of the forthcoming Japanese presentation, leading miscellaneous industrial issues were inclined easier for choice Elsewhere Pearson closed 13 down at 576p, after 566p, despite announcing better than-expected preliminary figures. elicome met with selling follow-ig cautious weekend Press coming cautious week ment and reacted 17 to 495p, but good interim figures prompted a gain of 17 to 305p in Sevage Green.

British Gas (467.)

er cent stake worth some £29.5m or 578p per share; Ladbroke dged up a penny to 435p. Among ther television issues. TV South Vest gained 61/2 to 791/2p ahead of Motors and ancillary issues scorded few changes of note. Lex

ervice rallied 8 more to 387p hile newspaper mention helped Laidiaw fise 3½ to 120p. Prostruiting after last week's preliminary statement lowered Perry 5 to 228p. Small Component features included Airflew Streamline, up 3 at 36p, and BTS, 2 firmer at 34p. Publishers remained a fashionable area and Trinity Interactional spurted 35 more to 725p shead of the annual figures, due to 685p and EMAP "A" hardened 2 to 170p, the latter after a further amail acquisition. Sparkling full-rear profits lifted Bucalytas Pulp to £10%. Caritan Communicaer prints inter communica-ions rose it to fill as in shares were placed at fill 35 per share to elp finance the f29.5m purchase neip inance the 1225m parchase of Ladbroke's 20 per cent stake in Central TV. RLP rose 20 to 420p and Watmoughts revived with a rise of 10 to 350p. Among Agencies, Valin Pullin gained 7 to 197p but WPP cased 10 to 973p after the

preliminary statement.
Attention in Properties focused gained 9 to 387p on vague takeover gamen's mark on vague tausaver, rumours, while MEPC rose 10 to 363p following Press comment highlighting the possible benefits of the Oldham Estates acquisition. of the Oldham Estates acquisition. Hammerson A firmed 5 to 485p, while Slough Estates added 4 to 201p. Secondary issues continued to feature New England Properties which jumped 12 more to 65p on trading prospects following the change of control announced last change of control announced last week. Warnfurd rose 25 to 825p on takeover speculation, but Marier Estates lost 10 at 97sp awaiting Thursday's interim results. Scrappy selling in an unwilling market clipped 17 from Belgrave Holdings at 181p, but Scottish Metropolitan picked up 44a at 109/20.

dividend list, but Suter came back 3½ to 277½ following preliminary figures much in line with market expectations. Williams Holdings Ocean Transport again made gradual progress to close 4 better at a 198667 high of 313p, while revived speculative interest raised Mersey Deck units 3 to 44p. Lower annual profits left J. Fisher

Central TV rose 7 to 5909 on news that Cariton Communications had acquired Ladhroke's 20 International moved up 6 to 394p.

25.

### NEW HIGHS AND LOWS FOR 1986-87

MOTORS (2), NEWSPAPERS (4), PAPER (16), PROPERTY (26), SHIPPING (3), SHOES (2), TEXTILES (3), TRUSTS (40), OTLS (4), PLANTATIONS (2), MINRS (49), NEW LOWS (4), AMERICANS (5) Colt India, Manuf. Henover, Tymeshnerica, Third MARKET (2) Usis Group. NEW HIGHS (257)
BRITISH FUNDS (4), LOANS (4),
AMERICANS (2), CANADIANS (5),
BANKS (1), BREWERS (1),
BUILDINGS (12), CHEMICALS (5),
STORES (3), ELECTRICALS (49),
EMGINERING (9), FOODS (3),
INCLUSING (2), INDUSTRIALS (47),
INSURANCE (2), LEISURE (11),

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These were the two principal stocks recommended by a secur-

ities house in a recent re-rating of the sector. John Haggas improved 7 to 181p but profit-taking after last week's rise brought Richards
back 5 to 8th. Early's of Winey
rose late following confirmation
of the land sale in Oxfordshire for of the land sale in Unfordance for £1.65m, the net proceeds of which will initially be used to reduce borrowings. Rarly's ended 9 higher on the day at 170p. The agreement with Mrs Jennifer d'Abo for design consultancy services elidet en suppose laba Committee design to the consultance of the consu vices failed to support John Crowther, down 9 at 187p.

recommended bid from JCS Inter-national, a wholly-owned subsidi-ary of Bermuda Trust. Financial Trusts benefited from comment with British and Commonwealth, which has announced a further constitution regime 2 to 400.

increased its holding in the com- cases. Petraleum were dealt in pany to 22.2 per cent. Presser for the put, while double options were boosted by stake-building were arranged in Trans-rumours and a recommendation. Refusion.

from brokers Grenfell and Golfrom brokers Grenfell and Gol-grave and the price touched 48/2p prior to closing 2½ higher at 47%p.Elsewhere, Triten, a firm market recently, encountered profit-taking and fell 8 to 138p. Polly Peck's growing fair club were busy again and the demand exerted fresh pressure on marketmakers, book positions. The unabot was that the shares

The upshot was that the shares raced higher to close a further 18 higher at 248p; at the turn of the year the price was 175p. Harrisons and Cresticis picked up 7 at 496p but Learke slipped 21/2 to 2731/2p.

### Traded Options

Interest in Traded Options was largely comfined to two stocks. British Airways continued to Confirmation of the agreed offer from Rosehough put General Runds up 5 to 249p while dealings were restored in Guernsey Atlantic Securities, at 330p, following a recommended bid from JCS International, a wholly-owned subsidiary and 2,591-puts. The overall total was 45,857-deals down, comprising 35,538 calls an 9,319 puts.

### Traditional Options

with British and Commonwealth, which has announced a further small acquisition, rising 6 to 403p. Antofogasta gained 5 to 185p. Berkeley Technology 8 to 241p and London Merchant Securities 3 to 81p, the last named on talk of impending broker's circular. Parambe jumped 10 to 96p.

The oil majors closed a shade easier for choice despite another steady showing by crude prices. British Petraleam settled a penny off at 811p, but Shell managed a small rise at \$12% Profit taking clipped 4 from Ultranar at 205p and ½ from British Gas at 80% British were 3 dearer at 205p awaiting Thursday's annual results, but Enterprise shed penny to 244p ahead of Friday 5 preliminary figures. IC Gas lost 7 to 713p following the result of the tender offer whereby Tractobel increased its holding in the company to 224p are cent Premise.

### trading volume in major stocks

### RISES AND FALLS YESTERDAY

500 206 31 500 62 -818 1:038

### **LONDON RECENT ISSUES** EQUITIES

FIXED INTEREST STOCKS

### Agenesia Latest 1986/81

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RIG			FFE	RS		77-7	
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ing index 1996.9; 10 am 1996.7; 11 am 1993.5; Noon 1994.7; 1 pm 1995.1; 2 pm 1996.5; 5 pm 1992.0; 3.30 pm 1992.2; 4 pm 1990.6

<sup>†</sup> Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Camnon Street, London EC4P 4BY, price 15p, by post 28p.

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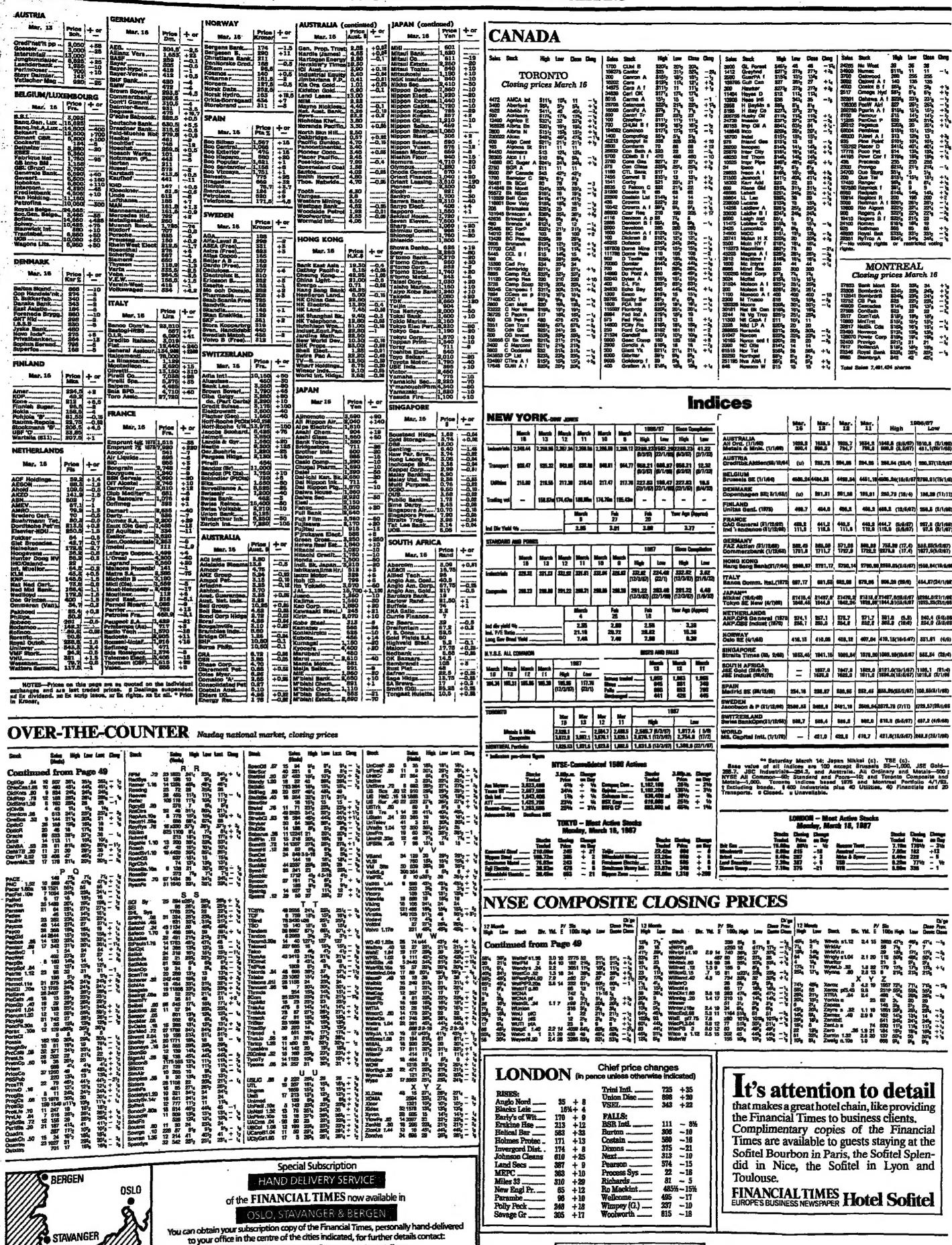
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# هكنامنالأجل

### WORLD STOCK MARKETS



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ORLD: STOCK MARKETS

CHECK EVERY DAY IN THE FT

# NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Kidder, Peabody Securities

Founded 1865 • Member SIPC

New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo

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NYSE COMPOSITE CLOSING PRICES

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## South African divestment blamed for fall

WALL STREET

SUCCUMBING again to selling pressure, Wall Street stock prices fell yesterday for the fourth consecutive session, their longest losing streak this year, although trading was the lightest since January 2, writes Roderick Oram in New

Credit markets continued to drift with bond prices edging down on

The Dow Jones industrial averege closed down 10.22 points at 2.248.44 taking its four-session fall few points below its previous close but lost ground steadily during the morning to stand more than 20 points down before staging a partial

Broad market indices showed similar declines with the Standard & Poor's 500 falling 1.66 points to On 288.23 and the New York and American stock exchange composite in-dices easing 0.97 to 184.34 and by 1.25 to 331.18 respectively.

NYSE volume shrank to 135.6m shares, the quietest day since the holiday affected 91.9m shares on January 2. Declining issues outpaced rising by a margin of two-to-

Searching for a scapegoat for yes-terday's weakness, some analysts said it had been triggered by the sale of a \$56m group of shares on behalf of New Jersey. The state is divesting itself of companies doing business in South Africa. The sale of \$70m of stocks a week earlier was similarly blamed for a general

Ahead of both sales, which were well publicised, stock index and stock futures traders marked their prices lower in anticipation that the trades would be heavily bedged with futures by the investment dealers buying the shares from the

The weakness of futures prompted other investors to sell shares as they arbitraged between them and the futures. The general selling undercurrent was not strong but there was little countervailing sentiment. Technology stocks felt some of

the main selling pressure. NCR gave up 5% to \$62% despite forecastrecord 1987 profits, Digital Equipment declined \$2% to \$161. Unisys gave up S% to \$99% and Cray Research fell \$2% to \$121.

Compaq Computer dropped \$2% to \$26%. First Boston was reported to have advised selling the shares because of the potentially adverse impact of IBM's launch soon of a new family of personal computers.

Three leading companies making fibreglass products were hit hard by a report in Sunday's New York Times linking the material to cancer. Owens-Corning dropped \$3% to \$26, Certain-teed fell \$2% to \$38% and Manville dipped \$% to \$2%. Tribune Co., the Chicago newspe-

MoL& Mins.

2.528.1

51% to \$75% after Salomon Brothers withdrew its buying recommenda tion. Other newspaper stocks were also weak. Dow Jones fell \$% to \$52%, Knight-Ridder gave up \$1% to \$53% and Gamett declined \$% to

Marion Laboratories gained \$% to \$61%. It announced a higher dividend Other drug companies were mixed. Merck rose \$2% to \$155% and Squibb gained \$1% to \$156 while SmithKline Beckman dropped 5% to \$111% and Abbott Laboratories fell \$1% to \$60%.

Upjohn dropped S3% to \$135. Its to 14 per cent. It had opened only a hair restoring drug got a lukewarm response from a regulatory committee. Some committee members expressed scepticism about the use fulness of the drug and advised that it be sold with "adequate labelling." More regulatory hurdles await the

On the takeover front, USAir fell \$1 to \$45%. Trans World Airways. down \$1/2 to \$28, said in a filing with the Securities and Exchange Comion that it dropped its earlier bid for USAir but would hold on to its 15 per cent stake.

Harper Row rose \$2% to \$52%. The book publisher said it was taking no action on two takeover offers it has received and was studying strategic alternatives. Harcourt Brace Jovanovich which made the higher bid of \$50 a share, edged

after last week's economic news failed to give investors a clear sense of the economy's performance and the outlook for interest rates. The price of the benchmark 7.50

Credit markets continued to drift

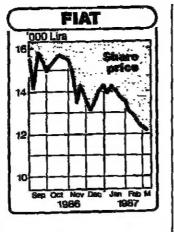
per cent Treasury long bond eased down % of a point by early after-noon to 99% at which it yielded 7.51 per cent. Shorter maturities were down by similar amounts. The Fed Funds rate eased frac-

ionally to 6% per cent after the three-day system repurchases to add liquidity to the banking system. The Fed Funds rate was firm because of unusually high corporate tax payments which were due yes-

### CANADA

RESOURCE issues set the pace of the retreat in Toronto as investors shadowed the downturn on Wall

Among leading paper and forest product issues, MacMillan Bloedel fell C\$2% to C\$79% as Cantor Corp traded CS2 cheaper at CS33%. Domtar lost CS% to CS44% and Consolidated Bathurst eased CS% to C322%.



### Fiat stock may be swapped for bonds

A GROUP of Italian banks led by IMI, the state-owned credit insti-tute is studying plans for the possi-ble launch of a bond issue of up to \$500m, writes Alan Friedman in

The bonds would be swapped for shares in the Fiat group which were eft with institutional underwriters last October after Libya disposed of its 15 per cent holding in the Turinbased group.

Italian banks and unit trusts, as well as foreign institutions, were left holding part of the \$2hn of Flat shares which were placed by Deutsche Bank and Mediobanca af-

ter the Libyan disposal.

The aim of the plan under consideration would be to "freeze" a substantial block of Fiat shares which has been difficult to digest, resulting in substantial losses on the part of underwriters to the Libyan deal. Many of the 32 underwriters and 70 sub-underwriters involved in the Fiat international equity placing bought Flat shares at a slight discount to the L16,800 (\$12.60) historic high at which Libya sold out. Yesterday the shares were trading in Milan at 1.12,540 - 24.5 per cent be-

low the price the Libyans received. Since the Libyan share disposal there has been a significant flow of Fiat stock back to Italy, which has beined to depress Fiat's share price. "A lot of Italian unit trusts have had the shares stuffed into them," commented one banker. First is understood to be hoping

that the bond issue would freeze the block of shares and thus enable Italian unit trusts which are "full up" to buy Flat shares once again.
The idea said to be favoured by Fiat is for IMI to lead a consortium George Graham on the run-up to the latest flotation

### Hard core to have bite at CCF

in the bands of a hard core of major investors bein the bands of a nard core of magner investors before its privatisation, expected next month.

The Finance Ministry yesterday offered up to
3.1m shares in CCF, the 10th largest French hank,
for sale in advance of the main offer for sale.

Investors will be invited to bid by April 16 for a

minipum of 2.5 per cent of the company and a maximum of 4.5 per cent at a premium of 4 per cent to the price, which has yet to be fixed for the public offer for sale.

The investors will be obliged to hold on bulk of their shares for at least two years.

THE FRENCH Government plans to place 36 per cent of the capital of Crédit Commercial de France of would-be investors are both larger than those set for the investment banking group Paribas, whose privatisation earlier this year accred a resounding

CCF is viewed as a more likely target for a possi-ble predator than its larger rival Paribas, so the for-mation of a hard core of shareholders represents an important delensive step to avoid the political em-barrassment of a privatised company immediately

being taken over.

The bank said lest night that it hoped its traditional large clients would apply for the share plac-

### EUROPE

# Brussels maintains firm grip on high ground

factors returned to centre stage on the European bourses yesterday as the Belgian bourse moved to a fresh

Brussels notched up another reord largely on the strength of local buying as foreign demand weak-

The insurance sector drew attention as trading was suspended in Royale Belge and AG following reekend reports that Axa, a French insurer, had built up a holding in both companies, which also aunounced that they had agreed to look at possible joint international

Petrofina proved another feature with its BFr 300 drop to BFr 10,050 while armaments group FN fell BFr 95 to BFr 1,750 in what was described as a late reaction to last week's details of heavy losses for

Tractebel, which announced late in the session that it had built up a 22 per cent stake in IC Gas with Groupe Bruxelles Lambert, rose BFr 50 to BFr 6,850 while GBL held steady at BFr 3,790. Bekaert scored one of the largest gains of the day with its BFr 700 surge to BFr 12,500.

Milan closed sharply higher in FFr 334 while Total CFP shed FFr swift response to Friday's half point 4.16 to FFr 458.00. cut in the official discount rate to 11.5 per cent. The momentum was 37 on news of its rights issue. Club aided by reports that a consortium. Med, seeking shareholder approval.

Mediobanca was bought L6,000 after the mid-day calculation of the higher to 1257,800 on the appoint- Commerciank index showed a 10 with warrants to buy Fiat shares in | bank while Montedison reversed sharp early losses in reaction to its midsted by the softer dollar al-

### LONDON

A BROAD RETREAT was staged in London as investors turned quietly cautious ahead of today's Government budget. The FT-SE 100 index lost 8.2 to 1,991.8 and the FT Ordinary index gave up 7,3 to 1,376.6.

Cuts in personal taxation and further base rate reductions, al-though expected, have been discounted already by the market. Some consumer issues sal-fered sharp falls as industrials

Gilts were up by % but business remained at a low level. Details, Page 46.

tighter grip on the Ferruzzi group and closed L15 higher at L2,620. Paris was unsettled by interest rate concern as overnight call money rates edged up to 8 per cent from Friday's 7% per cent. Electronics suffered some of the sharpest losses with Sagem down

FFr 175 to FFr 3,625 although Thomson CSF managed to post a FFr 25 advance to FFr 1,615. Oils were weak again: Elf led the ctor down with its FFr 11 fail to

Poelain gave up FFr 1.20 to FFr of banks may be taking up a placing for a capital raising, shed FFr 6 to of Fiat shares. The diversified FFr 681 while Cie Bancaire added transport group jumped L240 to FFr 2 to FFr 1,076 amid its one-inr-L12,440 but touched L12,650 in after five share increase. Frankfurt engineered a late rally

Exporters were unduly not inti-

Deutsche Bank led a mixed banking sector with its DM 5.50 rise to DM 636 after an early DM 640. The impact of the VW currency drama faded with the volume can producer picking up DM 4.28 to DM 334 although Daimler was unsettled by the dollar and closed DM 3.50 down to DM 931.

Chemicals, also dollar sensitive were little changed with Bayer down 60 pfg to DM 305 and Hoechst up 50 pfg to DM 259.50.
Lufthansa jumped DM 7 to DM 185 despite reports that it may be investigated for cartel violations.

Bond prices rose in moderate trading on strong foreign demand with longs posting isolated gains of 20 besis points. The Bundesbank market balancing activity amount-ed to sales of DM 57.8m worth of public paper after selling DM \$1.5m on Friday. Amsterdam finished at the day's

low with internationals losing ground in the face of the weaker dollar. Akizo dipped Fl 1.50 to Fl 141.90, Philips eased 50 cents to Fl 50.30 and Royal Dutch gave up F1 2,80 to F1 232.80. KLM moved against the trend with its 50 cent rise to F1 43.30. Zurich was mixed as bargain

hunting injected some life into banks and industrials although fi-nancials and insurers continued to lose ground. Stockholm inched higher in mild

trading dominated by domestic in-stitutional support and sporadic foreign demand. Madrid rallied in active trading

although Telefonica moved against point drop to 171.50 per cent of nom-inal value.

### Nikkei retreats from dizzy peaks

TOKYO

THE PRECARIOUSLY high level of prices worried investors in Tokyo yesterday, sending the market down for the first time in a week, writes Shigeo Nishiwaki of Jiji

In lacklustre trading, some large-In lackinstre trading, some large cash market, with the yield on the cash market, with the yield on the cash market, with the yield on the benchmark 5.1 per cent bond, maturing and speculators seeking short-term capital gains. Aids-related stocks came under heavy selling pressure in early trading but rebounded in the afternom.

The Nikket sverage fell 82.58 translatives of the property of the pr

The Nikkei average fell 52.58 from last week's close to 21,415.37. Volume totalled 1.14bn shares compared with Friday's 1.31bn. Losers ered pace on profit-taking by institutions which pushed the Hang issues unchanged.

The market got off to a generally weak start as Aids-related stocks fell almost aways the board.

fell almost across the board.

ended Y2 higher at Y305 after gain-

to Y243 and Kobe Steel Y6 to Y313. China Light dropped 60 cents to Mitsubishi Electric, a recently popular heavy electrical issue, lost 46 cents to HK\$13.36. Y21 to Y553 on 30.45m shares traded.

Electric cables and non-ferrous

metals drew popularity in early trading bulstered by last week's tore of a material that is supercon-most sectors. ductive at a temperature of 100 degrees absolute (mimus 173° C). But to 1,629.2, but the gold index added these issues came under heavy sell- 6.1 to 2,220.4 despite easier bullion ing pressure towards the close. Furukawa Electric, with 23.13m

shares, advanced Y31 at one stage but ended only Y6 higher at Y385. Hitachi Cable finished Y80 lower at Y1,150 after rising Y20 earlier while Fujikura added X31 before closing Y18 lower at Y751.

Among Aids-related stocks Sumi-tomo Chemical declined Y20 briefly but turned up later to end Y30 high-er at Y950. Sanyo-Kokusaku Pulp finished Y1 higher at Y399 after losing Y18 at one stage.

dollar depressed blue chips, with 5 cents to SS7.90. Banks Toyota Motor shedding Y40 to steady to lower.

Y1,790, Matsushita Electrical Indus

trial and NEC lost Y20 each to Y1,860 and Y1,920, respectively.

Bond prices surged, helped by the strong performance of the futures June contracts gained Y0.94 to a

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record high of Y108.32 at one stage on the futures market. This prompted dealers to step up buying on the cash market, with the yield on the

chowever, Kawasaki Steel rose to 1,708.31 in slightly higher turnsharply, drawing buy orders for over from Friday of HK3803.4m.

The fact that the Account topped the setting list with a start of the list with the Account topped the setting list with a start of the list w topped the active list with 210.00m Banks decided at the weekend not shares changing hands, closing Y11 to increase interest rates - a fear-higher at Y245. which had sent the market down on Nippon Steel, the second-busiest Friday - failed to lift prices back up issue with 168.72m shares traded, again as the consolidation phase

Properties and utilities suffered ing Y7 at one stage.

Properties and utilities suffered ishikawajima-Harima Heavy Inparticularly as Cheung Kong lost dustries advanced Y3 to Y512. But HK\$1.00 to HK\$2.25, Hongkong. Sumitomo Metal Industries fell Y6 Land cased 30 cents to HK\$T.45

### AUSTRALIA

PUBLICATION today of February's press reports of a world break-balance of payments figures over-through by a Tokyo university re-hung the market in Sydney, with search team in clarifying the struc- share prices turning down again in The All Ordinaries index lost 7.2

As investors sold in the industrial

sector, FAI shed 20 cents and Burns Philp 10 cents to A510.20 and A\$10.50 respectively.

### SINGAPORE

PROFIT-TAKING continued in Sizgapore in thin trading and the Straits Times industrial index slid a further 7.70 to 1.033.45. Among losers, Sime Darby shed fi ents to SE2A5 and Singanore Press

ies although industrials and banks

INDUSTRIALS continued to break Anglo American Coal, hit by a new territory in Johannesburg strike at its New Vaal Colliery, was steady at R40.50.

SOUTH AFRICA

20 cents to R67.20 and Vaal Reefs The industrial index rose 9 from R1 to R345 but Elandsrand lost 50

while diamond stock De Beers shed

US BONDS

while gold shares were mixed to easier on the lower bullion price and the strong financial rend.

Friday's record to a new high of cents 1,645. Barlow Rand climbed R1 to R130. R21.50, SA Breweries put on 20 cents to R17 and Sasol added 10

Denmark

bourse trade.

cents to R38.60 and Ofsil R1 to

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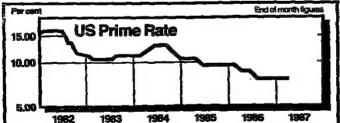
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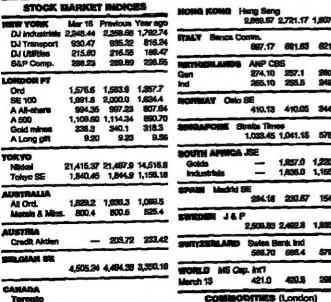
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### KEY MARKET MONITORS





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